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The Strategic Work between Business and Information Technology

K.Neelakanteshwar Reddy
RESEARCH SCHOLAR, MADHAV UNIVERSITY

ABSTRACT: *There are enough researches worn out the sphere of strategic work between business and IT. A widespread nonetheless corroborated purpose of reading is that such continuing alignment is very important to associate degreed bears a positive impact on an organization's profit, each within the long in addition because of the short term. However, most of the studies that prove now lack multi-level alignment effects. Multi-level alignment ensures dynamic and contiguous harmony so wildcat studies will assess the as-is states of business and IT. This analysis sheds the sunshine on applying for multi-level strategic work between business-IT. The ultimate objective of the study is to research and address problems that are visage by structure sustenance.*

Key words: Strategic Fit, Theoretical review, Organizational alignment, Misalignment, Multi-level alignment.

INTRODUCTION: Alignment between Business and IT can be defined as "the degree to which the needs, demands, goals, objectives, and/or structure of one component are consistent with the needs, demands, goals, objectives, and/or structure of another component" (Nadler and Tushman, 1980). This can bear an extended view of aligning Business and IT strategy on one side, while aligning Business and IT infrastructure on the other (Henderson and Venkatraman,1993). The same view is also concurred by Luftman (2000). In support of the above view, there are other similar parallels drawn. Some believe the alignment is subject to the extent to which the IT team understands the business goals and vision of the business (Shpilberg et al. 2007). Others researchers believe it depends on the structural linkage between the two (Chan, 2002). On the contrary, Benbya and McKelvey (2006) argue that for all the above definitions to hold good, alignment has to be considered contiguous and multi-dimensional, also design and processes have to be reconciled to truly strategically align the two, business and IT.There are, however, several challenges faced during the alignment process, one of which is aligning the current IT and IS systems (Sabherwal et al.2001; Aggarwal, 2010). This challenge can be attributed to the fact that the evaluation of alignment is continuous and not static (Chan and Reich, 2007). To add to the complexity, some models also include formal strategy planning before aligning the processes. (Reich and Benbasat, 2000). However, there are theories too which allow for such alignment to be researched without the implications of a formal planning (Mintzberg, 1993). Grant (1996) supports Mintzberg saying alignment is rather a close fit between rational planning and incremental process. Even Benbya and McKelvey (2006), for example, define business and IT alignment as an

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achievement through multi-level learning environments. Bergeron et al. (2001) in their studies, also emphasizes on the need of future research keeping in view multi-level performance criteria in a dynamic environment. While strategic alignment process aligns a firm's internal functions like processes, people and systems, strategic alignment content synergizes a firm with its internal as well as external environments. These inherent functions within organizations have become the pivotal point in the creation of organizational strategy (Muthusamy and Palanisamy, 2004). An important point to note here is that while IT should be aligned to business strategy, it should also be well managed and IT investment decisions should only arise when there is a business need.

Empirical studies, such as that has been carried out by Teo and King (1996), lead to conclusions that support that such decisions aligned to business needs drive business performance. Another study, led by Kearns and Lederer (2004) states that such effective alignment also goes a long way to sustain a firm's competitive advantage over others in the industry. In addition, it also fosters knowledge and creates an environment where both business and IT contain a high regard to each other, creating synergies that propels growth.

LITERATURE REVIEW: Research by Lee and Bai (2003) states that organizational mechanisms, besides leading to enhanced stakeholder management, also help in strategic objectives to be met. Strategic alignment is also influenced by information systems research, as evident in strategy studies by (Chan and Huff 1993). For example, various studies have used organizational learning as fundamental backbone of competitive advantage (Kearns and Sabherwal, 2007). Organizational learning have also been used in sharing, creating and utilizing knowledge as well as develop competencies within the firm that further helps in firm growth Lopez (2005). There have been studies to explain mechanisms of alignment through socio-intellectual perspectives (Reich and Benbasat, 2000; Sabherwal and Chan, 2001). However, there have been contradictions as well, stating such studies do not examine impact on performance enough (Lee et al. 2008). They have subsequently developed socio-technical frameworks which to a certain extent resolve alignment mechanism such that the social aspect of the framework follows a close fitment with the strategy process, since it involves people who implement the strategy. On the other hand, the technical aspect can be aligned to the strategy content, since it takes into consideration the firm with its relationship with the external environment.

Limitations of business and IT alignment studies in impacting executives' understanding on performance can also are attributed to the fact that such studies have mostly been carried out in isolation. To improve, these researches need to find a common datum, through both exploration and exploitation. Dynamism of business and IT alignment also depends on how optimized financial and other supporting resources are, along with a need to integrate existing and newer systems. Three of the many challenges facing strategic management are:

- ✓ Creating multi-level learning is central to laying out strategy (Muthusamy and Palanisamy, 2004). Strategy process and strategy content working in tandem is no longer a conceptual phenomenon Feurer and Chaharbaghi, 1995). However, alignment research is oriented towards a single layered analysis, primarily of the individual with unique characteristics and complexities. This has further attracted more contradictions. Strategic alignment, needless to say, should also help in strategic learning. As Mintzberg (1993) rightly points out, alignment should not only be limited to formal planning. Infact, the eventual objective should be to arrive at certain criteria to evaluate such alignment. Such evaluation should also contain feedback mechanism so that executives can accumulate lessons learnt. Amidst all the schools of thought, Ketchen et al. (1996) states that even though alignment in the context of multi-level learning and evaluation mechanisms are important, the strategy process-content dichotomy might affect the relationship between business and performance.
- ✓ Strategy process and strategy content are two major distinct concepts that are relegated when studying firm relationship and performance, in spite of them being ubiquitously documented (Chakravarthy and Doz, 1992; Andrews et al. 2009).
- ✓ Most research has been carried out with organizations from developed countries in context. There is a need to study closely firms and their performance that are functioning in under-developed economies as well.

RESULTS: Presented below are the reviews of alignment research to multi-level learning environment with participants at individual, group and organization levels (see Table 1). As a part of a major research, Preston and Karahanna (2009) postulated that a pre-requisite for strategic alignment is a common ground between a company's CIO and his top management peer group. Other authors like (Van Der Zee and De Jong, 1999) suggest that apart from a common ground, a common language is a also important, being an inherent part of the corporate culture. Existence of a common language also goes a long way in wiping away challenges with intra-firm communication. It is also believed from studies that a group level suffers most from communication and knowledge sharing. Sharing and collaboration is pivotal to strategic alignment, hence it is all the more important to create and sustain sharing at a group level (Kashanchi and Toland, 2008).

The final level is the organization, a level at which sharing between non-human elements take place. These elements often are: strategy, infrastructure, culture and science. (Crossan et al. 2011). We suggest that multi-level learning process will make for a better understanding of the interaction across levels in an alignment process.

Alignment Levels	Alignment Process	Interpretation	References
Organisation	Knowledge utilisation	Translation of shared understanding into business and IT strategy and infrastructure	Scott Morton (1991); Henderson & Venkantraman (1993); Maes et al. (2000)
Group	Knowledge sharing	Shared understanding between business and IT group	Reich & Benbasat (2000); Kashanchi and Toland (2008)
	Knowledge interpretation	Shared cognition between business and IT individuals	Tan & Gallupe (2006); Preston & Karahanna (2009)
Individual	Knowledge creation	Personal capabilities	Bassellier et al. (2003); Newkirk & Lederer (2006)

Table 1: Multi-level Strategic Fit

Exploration and exploitation need not contradict each other, but should be complementary (March, 1991). Even though the two follow different processes and models, both are crucial in a socio-technological context of alignment. While exploration strategy is meted at finding out new strategies and technologies that will disrupt existing systems, exploitation strategy is focused at making existing systems more efficient thereby reducing costs and reengineering processes. As we put through our efforts in aligning strategy process and strategy content, other factors that help sustain such an alignment in a dynamic environment are: promoting interactions among people within an organization, encouraging personal traits' development, competencies and application of the same, team building activities like workshops and events, flexibility of an organization with regard to its structural setups and control measures. Within an organization, team work is very important and it is equally critical to achieving common goals. There are several methods to evaluate individual and group variables that define the effectiveness of team work.

Strategy	content	Interpretation References
Exploration strategy of alignment	Engaging the knowledge of individual, group and organisation to enable for a change in non-human elements	Tallon and Pinsonneault (2011); Dovey et al. (2010); Kane and Alavi (2007); Lee et al. (2006); Peppard and Breu, (2003); Gottschalk et al.(2001); El Sawy, G Bowles (1997)
Exploitation strategy of alignment	The effect of the embedded knowledge in non-human elements on individual, group and organisation	

Table 2: The Strategy Content is interpreted into Exploration and Exploitation

Effective individual learning is not only about knowledge creation and dissemination, but also about applying new learning to question the status-quo and trying out new ideas (Bontis et al. 2002). For managers in an organization, it is about performing everyday tasks, yet performing better by the day, with knowledge being acquired over time (Orlikowski, 2002). Group learning implies, pragmatically, effective mutual understanding between CIO and business managers, enabling managers to gain technical perspectives, as well as IT personnel to understand the IT strategies that work against competition and the ones that do not (Kashanchi and Toland, 2008). As suggested by Riech and Benbasat (2000), CXO's should convene regular business meetings that will foster a spirit of understanding. Business leadership, irrespective of domain, inherently is about realizing that if IT fails, business fails, and if business fails against competition, IT should reinvent the wheel and streamline performance. Here lies the real essence of strategic IT alignment. (Luftman and Kempaiah, 2007). Managers should aim at achieving bidirectional alignment between IT and strategy where the CIO directly oversees the engaging IT managers to give rise to a solution-oriented architecture.Advocates of the alignment at the organizational level are two-fold and contradictory to each other. According to Crossan and Berdrow (2003), organizational alignment depends on the humanistic elements like new products and processes. However, the other school of thought believes it depends more on the non-human elements like policies and infrastructure, since individuals come and leave. According to Chan (2002), alignment framework cannot be accomplished by following just one side, but it is a congregation of a number of factors such as rewads and Cross-functional relationships. Pyburn (1983), in his studies, elucidates that for mapping out a feasible IS strategy, business and IT alignment must be achieved. He further asserts that irrespective of whether a formal planning process is followed or not, alignment with cultural elements like a firm's business planning and the top management's communication matrices is important to examine.

Business strategy comprises of three elements: business scope, competencies and business governance. Likewise, technology strategy also consists of three salient elements: technology scope, systematic competencies and IT governance (Luftman, 2004). Byrd and Turner (2001) suggest that for a firm's IT infrastructure to be flexible, it has to accommodate a fast paced environment. As discussed earlier, exploration and exploitation are both essential for organizational growth and sustenance, however, both serve different purposes. While exploration is more about mapping individual contribution to organizational learning, exploitation is more about mapping group contribution to organizational learning. In the end, it is a common goal to be served, strategic alignment and business performance. However, during implementation, scenarios change and planning needs to be coordinated closely with execution so that risks are covered well. Feedback

mechanism and group communication is also important to identify the gap between where an organization is and where the organization needs to be (Tarafdar and Qrunfleh, 2009). To achieve an effective collaborative policy, there are three steps to be performed: First, policy directives must precede policy proposals which are then followed by course of action. Since these policies further serve as guidance for line managers in their regular responsibilities, obtaining a robust policy in place is of utmost importance. Again, for the same reason, policies propel organizational decision-making (Nabukenya, et al. 2007). Collaboration between business and IT also reflects on the kind of partnership or relationship both have with each other. The end goal should be to share and mitigate risks between business and IT professionals, and to get IT to drive business strategies, policies and processes.

4. CONCLUSIONS: It has been determined that whereas it's vital for business and IT alignment to evolve through a multi-level learning setting, in most situations these days, organizations square measure still operating arduous to match the misalignments. Whereas in some things, individual learning is hampered as a result of method strategy is much prior strategy exploration, in different things, individual learning is swamped as a result of learning isn't being applied at a bunch of structure level. The business and IT alignment ought to consist of seven constructs. The 3 levels may be a part of the strategy process- individual, cluster and organizational; whereas the opposite 2 views square measure a part of strategy content-exploration and exploitation. The reviews show considering these levels can have such impact on the monetary and non-financial performance. Finally, we tend to argue that placement between strategy method and strategy content has an inverse correlation on business performance, wherever placement is that the extent to that the 2 square measure mismatched. Any analysis supported construction nature would contribute to grasping the character of alignment.

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AUTHOR: K.NEELAKANTESHWAR REDDY currently working as an assistant professor in the department of MBA, Brilliant Institute of Engineering and Technology. He studied B.Com from Kakatiya Degree College, Warangal, which is affiliated with KU, and MBA from Brilliant Institute of Engineering and Technology, Hyderabad. Which is affiliated with JNTUH and Ph.D. Scholar in Madhav University? He is having 5 years of experience in academics, teaching, and administration.