

The Effect of Strategic Business Objectives Alignment with Information Management on Enhancing Small Organization Performance

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ABSTRACT

Small Organization has an effective role in countries economy. Vicious competition has stressed managers to spend more time on finding the most appropriate management style that will make their companies survive in today's changing market. Now organizations has to think seriously about how to align its major business objectives with their information strategy , which will affect the financial performance for the organization at the market .To achieve alignment managers have to enforce company performance with both their strategies and their company processes . Alignment will have its direct effect on achieving the company goals and objectives and will enhance innovation and creativity at the organization atmosphere; also it will have a direct impact on enhancing decision making process by making it more decentralized. In this research will investigate the relationship between Strategy Alignment (SA), Information Management (IM) and Business Performance (BP) on small health care organization performance in Jordan. And treat (BP) as the exogenous latent variable, and IM, SA as endogenous latent variables. IM can influence BP directly or indirectly through the SA factor. In this research will try to prove the following theory: "Aligning organization Strategy with Information management for small companies In JORDAN should have a significant effect on the organization performance".

Keywords: Strategy Alignment

Information Management, Business Performance, Market Share, ROI (Return on Investment), ROS (Return on Sales).

1. INTRODUCTION

In the early days Small businesses have a vast benefit over larger enterprises by attaching manager to the mission and purpose of their organization and enable them to see what they're doing is contributing to that purpose, in a meaningful way. Information knowledge plays a vital rule for managers and employees [1]. Beside organizations require information systems to survive and grow, information systems can help them expand their reach. Managers do not take into account information systems because they play such a critical role in organizations. Organizations should consider sincerely about how to align its major business objectives with their information strategy , which will have an effect on the financial performance for the organization .To achieve alignment managers have to enforce company performance

with both their strategies and their company processes .Moreover, this research will examine the relationship between Strategy Alignment (SA), Information Management (IM) and Business Performance (BP) on small health care organization performance in Jordan .Accordingly, this research will try to prove the theory "Aligning organization Strategy with Information management for small companies In JORDAN should have a significant effect on the organization performance".

2. RESEARCH PROBLEM

This research will inspect the relationship between three variables (SA, IM and BP) based on a similar model presented by [2] to apply a modified version of this model to the JORDAN market, especially for small to medium organization. Figure 1 below describes supposed model.

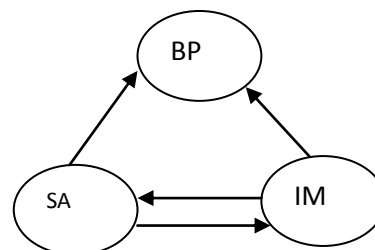


Fig1. The Proposed model of the study

In this research will test three research hypotheses as shown in figure 1.

Hi: Strategic Alignment (SA) for small business in JORDAN has a direct relation with organization Business Performance (BP) that's statistically positive.

Hiii: Information Management (IM) for small business in JORDAN has a direct relation with organization Business Performance (BP) that's statistically positive.

Hiiii: Information Management (IM) for small business in JORDAN has a direct relation with organization Strategic Alignment (SA) that's statistically positive.

Many studies have inspected the three theories in different domains, in this research I will review selected researches that support hypothesis model, and try to provide validity content for research variables derived from these researches.

A strategy is a long term plan to achieve specific goals for the organization taking into account the current environment factors that affect the organization performance just like people time and resources. In Small organization strategy is the major driver for whatever actions or decisions the organization take over time. The organizations startup a plan for its departments (operational), usually most of the units involved in the organization use information systems to operate their daily business activities. Now the organization needs to align its objectives with information system that support the organization objectives as defined by the strategic plan. The alignment as a process is important for the organization performance. Alignment is not a trivial task at the organization management actually it stands as challenge by itself. Managers has to overtake many difficulties like the organization employees ability to adapt the change that the new information system drive to the organization, also the ability realize and understand the objectives and goals that the organization is trying to achieve, mainly the IT management is subject to this argument, IT staff has always find it a challenge to meet these commitments. Leadership is sometimes a missing factor for the success of the IT management to operate the business needs effectively. Lack of cooperation between IT management and Business management has always been a reason on why organization is delayed from achieving their objectives effectively [2]. However in this research need to examine this point for small to medium organization in JORDAN with more in-depth analysis. The value of aligning IT with organization objectives at the level of planning will lead to a clearer roadmap to verify and achieve organization objectives. Failure in the information system management will cause the organization a series of ill-made decision that may lead the organization to be out of business, in many cases failure is linked to the poor implementation of the information system and the difficulties that is caused form not considering the organization objectives and goals at the implementation level of the information systems. In the other hand the success of the information systems is fully dependent at the level of how organization considers implementing their strategies and objectives at the planning level of their information system. This study attempt at this research to study and characterize this planning step for information systems to identify its effect at the cooperation business performance.

2.1 Strategic Alignment:

Many research supported the principle of aligning business goals and objectives with all of the organization activities, [3] describe the Strategic alignment as the ability to unify organization goals and activities with information system that support them. He suggested a new alignment model that measure how business strategy choices will impact information system strategy, he argues that alignment between business strategic objectives and information system goals will help increase the effectiveness of the information system , so always managers has to start a connection between the two strategies to ensure success for the organization. Droge and Germain (2000) [4] studied how information technology can affect data interchange systems , so he observed when corporate information system is integrated with manufacturing infrastructure , it will increase the organization competitive value and it will enhance the production level , and achieve

better ROI value. Hence, in this study can find a strong support in the literature for hypothesis H i , H ii , H iii.

Strategic Alignment is determined by two major factors:

1. Alignment on Short term strategic plans basis
2. Alignment on Long term strategic plans basis

Cross and Lynch in 1992 suggested a new model called performance pyramid, where they connect organization daily operations with the organization strategic objectives [5]. The top of the pyramid is Strategic vision of the organization; the second level is business performance with all business measures values like financial profit and market performance. The last level is the operational level of organization daily activities and its effect on time performance. He found that enhancing the performances depend fully on strategic alignment between information systems and organization business strategies [5].

2.2. Information management

The information management (IM) variable is determined in three factors:

1. Staff Knowledge sharing and Knowledge building (Training).
2. Ability to find the correct information when needed.
3. Comprehensive planning that integrates data from all organization resources.

The three mentioned factors stresses the role of alignment between information system and organization strategy, Chan and Huff in 1993 found what is really important in an organization and the ability to align company objectives with the information system strategy[6]. Organization strategic targets have to agree with the information system goals. Information systems strategic alignment will increase the effectiveness of the organization business performance. This research support the major hypothesis H i , H ii , H iii. Employee's abilities to use the information system effectively are another sign for the good information management capabilities. The information system strategy will not do any good if the users of the system cannot use their organization information system effectively and the strategy will have a limited effect and low level value on the organization performance. Employees will play a major role in applying the technology in their organization since they are the key players, the readiness level they have will decide the effectiveness of the implementation of the daily operations for the organization. Khalil and Elkordy in 1999 found in their study that employee training will lead to a better knowledge sharing and will support the information system effectiveness; a 25% of the training budget usually is spent on teaching employee how to use the organization information system [7]. Organizations that focus on business success drivers will invest in training their staff and enhancing their skills to use the company information system. In organization may find many business units deploy their own information system, which demands a centralized information management integration to enhance information use and exchange between different departments. Contradicted information from different departments in the organization is a real problem that stand as an obstacle for information integration especially when management want to collaborate between different sections to build or take a decision in timely-manner . Problems with data integration should always lead to time delays, weak communication and will negatively affect the company performance; also management decision making

capabilities would be affected too. Integrating information system will always lead to better performance which will enhance organization performance and will add value to its final products and services which will make the company closer to customer satisfaction [8]. In summary the previous studies support H ii and H iii.

2.3. Business performance

In 1992 Powell argued that organization alignment with goals and objectives will lead to substantial profits for the organization and will enhance its competitive advantage value, alignment is a management effort and a skill at the same time, where managers integrate the strategic goals with their daily management decision which will lead to a customer-focused performance enhancements [9]. Business performance is affected with three major factors:

1. Market Share
2. ROI (Return on Investment)
3. ROS (Return on Sales)

In this research will study those three factors to measure the business performance variable (BP). This study supports hypothesis Hiii as shown in figure 1.

3. METHODOLOGY

In this section will apply different research methodology to inspect research questions; in Section 3.1 will use Quantitative methods while in section 3.2 will apply the Qualitative approach. Finally section 3.3 will use the observation approach.

3.1 Quantitative Approach

This study used the quantitative approach to inspect the relationship between the different variables presented in this model. This study developed a questionnaire to collect information from a selected group of managers in JORDAN distributed through many geographical areas. This section described data characteristics, especially how to develop and measure construct and finally will discuss employed analysis methods.

3.1.1 Data characteristics

This study developed a questionnaire, which sent over to 80 managers in 18 different small to middle size company in JORDAN. Organizations were from different business domains, all selected companies have an IT department and they utilize their daily business operations. Managers were from different academic and professional backgrounds. 18 surveys were completed out of 80 with an overall response ratio of 23%.

3.1.2 Construct development

In this research developed a two form survey having 15 survey questions to examine research hypothesis, hypothesis model variables were discussed at literature review. Survey questions used a 1- 5 likert scale. All of survey scales are standardized. Survey questions are placed in a random order so that the user is not affected by the previous question. All scales were found within acceptable norms. This study used Cronbach’s alpha as a controller for reliability measures a degree of 0.04 is selected to be the minimum value for any variable because of the limited number of the collected

surveys. Regard SA, IM and BP to be a new constructs for this model and they satisfy the uni-dimensionality constrains and statistically significant. Construct development approach is based on Zaho (2008) [2].

3.1.3 Hypothesis Testing

This study used the structural equation modeling to model the performance of presented model at figure 1. All of constructs SA, IM and BP are statistically significant at a level of 5% as table 1 below describes. The same with all t-values for path coefficients which are also statistically significant at a level of 5%. All of three hypotheses are statistically significant as shown in table 1.

All of the three hypotheses: H i (SA→BP), H ii (IM→BP), and H iii (IM→SA) are supported.

Hypothesis	Standard error	t-value	Valid Hypothesis (Statistically Significant)
H i: (SA→BP)	0.018	22.1	YES
H ii : (IM→BP)	0.118	2.09	YES
H iii : (IM→SA)	0.144	2.33	YES

Table1. Hypothesis statistics

The results from statistical analysis can be described as the following:

Strategic Alignment will lead the organization to better information management:

The study shows that aligning strategy with Information management will enhance the organization performance and will give it higher chances for business success. Better information system will lead to greater share of the market and substantial achievements for the organization. The result comply with the previous studies in that domain and provides a statistical evidence that support the theory H i (SA→IM).

Business Performance will be enhanced by well organized information management. This study discovered that information management has a direct effect on business performance, this argument directly support the H ii (IM→BP) , better finical achievements need a good infrastructure of information technology systems , such investment will justify its cost like labor , software , training , hardware .

Information Management is step to achieve Strategic Alignment .This study achieved a statistically valid result which confirm that enhanced information management will lead to easily achieve your strategic business goals .This result agrees with the other mentioned studies in this domain. Zaho(2008) [2].

3.2 Qualitative Approach

Capturing human experience has been always a difficult task to do, in this part of the research try to inspect the best practices that JORDAN managers can follow to align their corporate strategy with information management to enhance their organizations performance. In this research Method of choice is the Qualitative approach to better gain the knowledge that supports a research direction.

Inspecting people is related to the understanding the social science, absorbing the human experience is a challenge by itself, questions about the context, meaning and transformation of knowledge is answered in a pure context of psychosocial sense. Knowledge is gained from people whom like to call them “story tellers” who build structure of knowledge (reality) for their stories which has a great deal of value [10]. This approach for truth contradicts with the empirical research methodology, where statement is only accepted if it is mathematically verified.

Qualitative methodology develops a framework for knowledge creation that is subjectively negotiated in order to identify the truth about a research question, especially the transformation of meaning [11].

Quantitative method as described in the previous section they tend to answer questions that have to do with large collected data, so data is represented in other numerical form and thus it can be analyzed numerically or using the statistical analysis methods. But the quantitative methods can't answer questions about the meaning of the knowledge gathered or how can use it context or other advanced topics like the subjectivity of the truth, Hollway criticize positivist for their limited ability to explain irrational behavior of the human mind for example surveys about human actions like the crime failed to really explain the human behavior [12].

The positivist school derive facts (Statements) about the world and quantify them , but for other observations there is no quantitative data to be collected , Qualitative approach becomes a more suitable tool to understand and explain the phenomena, Hollway call this case an “evidence-based practices” [12]. Qualitative is dependent on people so each person has its own story to tell and each audience interpret this story in their way of understanding , story understanding is dependent on person understanding and he reconstruct those events with time and space. The Narrative approach can be also extended to from the qualitative side to the quantitative side, so when examining a story may needs to consider the empirical approach to have full understanding of the details (Behavioral explanatory) [10], [13] said “one of the main things that stories do is to integrate disparate elements of human experience into a more-or-less coherent whole”

A real challenge for the Qualitative approach is the “multi-case” comparison of the same context, where in the empirical approach the agent (researcher) define an argument (hypothesis) then he force his analysis towards that hypothesis so that he would not consider other scenarios for the plot (hypothesis), [10] that's why Qualitative analysis is more suitable for cases that can take more than one explanation for its behavior. The empirical behavior is better oriented towards sharp or determined cases, where each conclusion would be based on a previous incident (hypothesis) and it would refuse any transformation not based on this idea, while in the Qualitative approach have fuzzy boundaries, where start with a case, study it's possible explanations then come out with many possible scenarios then can focus on the most appealing or suitable scenario.

The Qualitative approach also helps to create a new epistemological methodology for the researchers, because the creation of interview or a dialogue is an inter-subjective process of creating a new self perspective new knowledge which in turn affects or influence the methodology the researchers are using, the dialogue will make it always easy to adapt and restructure the approach of finding the truth for the researcher [10].

For this research question mentioned earlier, which is what are the best practices that JORDAN managers can follow to align their corporate strategy with information management to enhance their organizations performance found that the Qualitative approach is best suitable for this research problem for the following reasons:

First , from the previous discussion found the that the Qualitative approach is an effective and powerful way to understand the human experience , it is not limited to a direct form of analysis , because each interviewee has his own personality and he uses his own words and ideas to create a meaning (knowledge) through telling a story about the space or the world of the question (hypothesis). People tend to give their own experience based on subjective reality; this is what Phillips describes as a psychological reality [14].

Second , the Qualitative approach will give us more space to explore the complexity of JORDAN organizational structure within a competitive market like the market of JORDAN , [15] Hopkinson considers corporate as a competing entities within a multilayer levels , he argues that you can't understand this state with any other approach rather than the Qualitative approach , because companies activities can always be characterized by multiple identity Qualitatives which evolve overlap and compete , which make us think that organization are structures around the social acts of networking , negotiation and information exchange which is based on language .

From the previous two points found that Qualitative analysis would provide the researcher with a closer view into manager's behavior which is not possible through other research methodologies like the empirical research , the Qualitative framing would extend analysis and understanding to the strategic management decisions to enhance their organization business performance. Using Qualitative approach demand from the researcher to adapt a customized research methodology to achieve remarkable results, this study followed Crotty's methodology in 1988 presented in his work to be guide line in carrying this approach, he suggest that a researcher should begin with an epistemology perspective (your way of knowing), theory space (Philosophy), methodological approach and then select a specific epistemology method. These four steps for Crotty define the theory of knowledge that researchers develop using his choice of an epistemology.

After that need to define the meaning of knowledge have that is knowledge in context, need to raise certain questions about epistemology, which applied throughout the use of the general assumption of how “meaning” is constructed to give a logical meaning out of the social dialogue carried out with audience.

Constructing the meaning that need to recognize the different meaning of reality for the people, which means have to employ the philosophical approach which judges the history and culture that affect the social life and make it easy then for explain the truth its gained from the experts or as Cotty describe it as “interpretations of the social life-world”. The user narration is a constructive story based on an expression of experience and selected theme where the person self experience and personality is reflected which will lead us towards a cultural code of shared historical meanings.

An important issue is discourse analysis, where need not to treat the language as a transparent and unbiased channel of communication; instead language should be the center of concern. The language needs to play a role of social practice and the discourse analysis will help us see how people build their own vision for the world. This study need to compare these various visions about the world got from the people to

build a sharp analysis to the real world of the corporate or our organization.

To best conduct a useful Qualitative analysis, Bennett explain her personal research experience in that domain into the following major steps , she argues that the consideration of Qualitative depend on choosing to focus on the language since it's being considers as a major mean of communication in the modern social research which increased the interest of the discourse consequently[16]. Linguistic features of the discourse have to be considered while understanding the person story, and not only to focus on the aggregate pattern which may not precisely represent the operation of discourse. Handling the language is a skill by itself that demand ability for articulation (forming) and integration of different direct and in direct concepts (meaning). Stories derived from Qualitative text should include events (actions) and story players (characters) and the way events are forming the transformation of knowledge in the discourse .According to Escalas also emphasizes on the time factor (chronology) in analyzing the causality (relationships) in the story structure[17].And focus on the Qualitative approach as a process composed of sequence of chronological that describes the human action inside the organization context[17].

4. CONCLUSION

Conducting research is a challenge by itself. This study discovered through this work that the nature of the research question decide the optimal research methodology.

In a later stage of this research used the qualitative approach. The idea was to inspect the problem of How to improve business performance through aligning Information management with organization strategic goals. We wanted to get an expert exact and direct knowledge as a source for research problem.

The scientific positivism in social sciences plays an important role in understanding the human interaction and explains it's behavior. A fundamental question we discussed earlier in this research was to what extent can the social science use the natural science research methods and methodologies to explain or find research findings and objectives [18]

The answer for that question is the nature of the research itself and whether or not it would be applicable to use the natural science approach methods to social area of research. Applied the positivism approach via using the empirical realism methodology. A knowledge structure can generate a regular form of new knowledge that can be induced or explained empirically. Researchers have always to adhere in mind that knowledge produced from the social content science is influenced by the human thinking (subjective truth) and knowledge content which is also influenced by the nature of human language, and the way discussion and analysis about the research problem was communicated.

research approach was the Qualitative approach. The research objective was to gain a subjective knowledge from the expert (best practices) so this study wanted to understand the expert experience, values, ideas and recommendations from a pure subjective perspective.

The researcher understanding of the problem nature, research objectives and questions he can make a suitable choice of methodology.

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