# Power Distance And Strategic Alignment: A Case Study Of A Subsidiary Of A Multinational Organisation

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# POWER DISTANCE AND STRATEGIC ALIGNMENT: A CASE STUDY OF A SUBSIDIARY OF A MULTINATIONAL ORGANISATION

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## Abstract

*Strategic alignment has generated much interest among information systems (IS) researchers and practitioners as an important factor in the quest to gain value from IS investments. In this study, the influences of power distance on efforts by organisations to achieve strategic alignment are examined. It is based on a single case study of a multinational organization conducted under an interpretive research paradigm. The study confirms that low power distance of the headquarters is embedded in the management style, organizational structure, and decision making processes of the subsidiary which is deemed to be located in a high power distance context. The paper assesses the implications of the findings for the development of culturally sensitive strategic alignment strategies.*

**Keywords**: Strategic Alignment, National Culture, Power Distance, Multinational Organizations

## 1.0   Introduction

Strategic alignment (the linking of IS strategies with business goals) has generated much interest among IS researchers and practitioners as an important factor in the quest to gain value from IS investments. Several studies (Armstrong & Sambamurthy, 1999; Luftman & Ben-Zvi, 2010, 2011; Palvia, Palvia, & Whitworth, 2002) have identified strategic alignment as top management concern among business and IS executives. Considerable research has examined various aspects of strategic alignment in the last three decades. However, the literature points to a paucity of

studies examining the role national culture (generally defined as norms values, beliefs, and behavioural patterns of a national group) in efforts to attain strategic alignment in organizations. Silvius, De Haes, & Van Grembergen (2009) indicate that national culture influence strategic alignment. Furthermore, Heine, Grover, & Malhotra (2003) and Peppard & Breu (2003) contend that strategies for attaining strategic alignment cannot be well understood without due consideration of the complex interactions between IS, cultural factors and the organizational context. In the light of these findings and the different cultural contexts in which organizations operate, it is imperative to understand the implications of cultural factors for strategic alignment.

This study, therefore, explores the effects of national culture on strategic alignment processes in a subsidiary of a communications company with many subsidiaries operating in different cultural contexts. Culture is manifested at various levels, including national, organizational and individual levels among others. However, the focus of the study is on national culture issues and interaction between headquarters culture and local branch culture. It is part of a multiple case study research project on national culture and strategic alignment. In particular, the effects of power distance on strategic alignment processes are examined. Multinational organizations are an appropriate setting to explore the impact of national culture on strategic alignment, as they seek to manage culturally diverse workforces in different national cultural contexts.

The contributions of this research paper are twofold: first, it highlights the role of power distance when designing interventions aimed at strategic alignment. Second, the paper draws implications for managers and provides useful suggestions for the development of culturally sensitive strategic alignment strategies. The remainder of this paper is structured as follows: it starts by examining the literature on national culture and strategic alignment. Next, a background of the case study organization is presented, followed by the research methodology. Then, the research findings are presented and discussed. Finally, the implications of the findings for strategic alignment, the conclusion, limitations and future research directions are presented.

## 2.0    Theoretical Background

### 2.1    National Culture in IS Research

The present tendency of IS use in multicultural and cross-cultural settings has increased the importance of national culture in IS research and practice. For example,

Leidner & Kayworth (2006), in a review of the role of culture as a variable in IS research, demonstrate that culture is a moderating factor in IS development, IS adoption and diffusion, IS use and outcomes, and IS management and strategy. Consequently, cultural factors have managerial implications as techniques for achieving strategic alignment may not be equally effective across different cultures.

Notwithstanding its importance to IS, national culture is a challenging variable to investigate and assess (Leidner & Kayworth, 2006; Tayeb, 1994). For example, there is a challenge in isolating the effects of organisational cultures, professional cultures and individual differences from those of national culture. Consequently, various national culture frameworks have been developed (Hall & Hall, 1990; Hofstede, 1980; House, Hanges, Javidan, Dorfman, & Gupta, 2004; Trompenaars & Hampden-Turner, 1997).

In order to investigate the effects of culture on strategic alignment, it is important to specify its dimensions. The widely-cited quantitative work of Hofstede originally proposed four dimensions of national culture based in the IBM Corporation in over 70 countries. Hofstede (1980) argues that differences in work related values, beliefs and norms can be explained in terms of: power distance; uncertainty avoidance; individualism/collectivism; and masculinity/femininity. Subsequently, following further data collection and analysis, a fifth dimension was added, short term/long-term orientation (Hofstede and Bond, 1988); and a sixth, indulgence/restraint (Hofstede, Hofstede, and Minkov, 2010). In spite of alternatives and criticisms, Hofstede's dimensions have been valuable in IS studies (Jones & Alony, 2007). This notwithstanding, the model has been critiqued as having too few dimensions to effectively capture the many cultural differences within nations and also for lacking representativeness because it is based on data from only one American Corporation (McSweeney, 2002; Jones & Alony, 2007). The model has been labelled as outdated, especially in the era of globalisation. Furthermore, the assumption that national cultures are aligned with the boundaries of nation states overlooks the multiple cultures coexisting in many countries and the cultures than span multiple countries (Myers & Tan, 2003; Weisinger & Salipante, 2000).

## 2.2    Power Distance and Strategic Alignment Processes

In this study, the influences of power distance on efforts by organisations to achieve strategic alignment are examined, as this dimension is one of the most likely to influence IS management and strategic alignment practices. Power distance relates to

the degree to which unequal distribution of power is tolerated in a given society. Specifically, it expresses the degree of acceptance by less powerful members of a society that power in unequally distributed (Hofstede, 1980). High power distance contexts are usually hierarchical, unequal and highly structured. On the other hand, low power distance societies tend to be more egalitarian and less structured. The power distance dimension is an important factor in the management of organisations. For example, Schermerhorn & Bond (1997) contend that power distance is one of the most enduring and relevant because organisations are complex social systems structured hierarchically in term of status and authority. It determines how well senior managers relate with lower level staff, with implications for management. A review of the extant literature suggests that power distance might affect strategic alignment in organizations through its influence on management practices and strategic alignment processes.  Previous research shows that the degree of power distance influences strategic planning (Ayoun & Moreo, 2008; Schneider & Meyer, 1991; Schneider, 1989), approaches to decision making (Dimitratos, Petrou, Plakoyiannaki, & Johnson, 2011; Khatri, 2009; Martinsons & Davison, 2007), communication (Richardson & Smith, 2007), team participation (Newman & Nollen, 1996; Sagie & Aycan, 2003) and organisational structure and management style (Khatri, 2009).

Power distance has been shown to affect approaches to strategic planning. Countries with low power distance have a more participatory approach to strategy development (Ayoun & Moreo, 2008). Prior studies have demonstrated that a consultative strategic planning approach is essential for achieving strategic alignment as personnel are more likely to be enthusiastic in the implementation of those strategies. Conversely, in high power distance settings, business and IS personnel from different levels of an organization may be uncomfortable participating or contributing to strategy development. This may adversely affect the efficacy of the resulting strategy as a result of the lack of effective input from the lower ranks of the organization.

In the context of strategic alignment, the level of power distance influences how top management and senior managers relate to lower level staff. It might also influence the level of collaboration and consultative between the business and IS functions, an important requirement for achieving strategic alignment. Martinsons, Davison, and Martinsons (2009) found that organisations in high power distance cultural contexts use IS for vertical communications to reinforce hierarchical controls of business activities and are less likely to develop formal IS plans. Khatri (2009) found that

management in a high power distance context has largely autocratic managerial decision making, which is expected to have negative effects on strategic alignment. Conversely, a low power distance context partnership among staff at various levels of the organisation in IS strategic planning and strategy execution, may lead to positive effects on strategic alignment. Furthermore, decentralized and informal organizational structures characteristic of low power distance cultures, are important for achieving strategic alignment (Chan, 2002). Low power distance leads to greater teamwork, which can enhance strategic alignment (Zhang & Begley, 2011).

## 2.3 Strategic Alignment

The strategic use of IS in organizations requires the IS function to align with the management of the organizations. According to Henderson & Venkatraman (1993), lack of alignment between business and IS strategies is a cause of difficulties in gaining value from IS investments. Strategic alignment focuses on harmony between the priorities and activities of the business and IS functions. The objective is for IS priorities, capabilities, decisions, and actions to support the business (Chan, 2002). Strategic alignment is important to organizations because it helps organizations to maximize return on IS investment and gain competitive advantage. Besides, it delivers flexibility to respond to new opportunities (Avison, Jones, Powell, & Wilson, 2004). Organizational and IS infrastructures support the implementation of the business strategy of organizations, guide work practices, information sharing and managerial effectiveness.

A number of empirical studies have found that strategic alignment has correlation with organizational performance (Avison et al., 2004; Chan & Reich, 2007; Raymond & Croteau, 2009; Tallon & Pinsonneault, 2011). However, Palmer & Markus (2000) found no association between strategic alignment and organizational performance in a study of the retail industry. Some authors argue that close-fitting alignment strategies may possibly hinder strategic flexibility and restrict an organization's ability to react to changes in increasingly unpredictable environments, otherwise called the 'alignment paradox' (Tallon & Kraemer, 2003). The paradox indicates that strategic alignment can result in increased returns from IS, but beyond a certain point increases in strategic alignment appear to result in lower returns.

A number of dimensions of strategic alignment are evident in the literature. Previous studies highlight the importance of cultural, social and structural factors to strategic alignment. Chan & Reich (2007), for example, indicate that alignment between IS

strategy planning and the fundamentals of culture is necessary for effective communications and business strategy planning in organisations. Furthermore, Katz & Townsend (2000) stress the significance of cultural fit between business and IS as a prerequisite for success in strategic IS planning and communications. Similarly, the social dimension of strategic alignment signifies the level of common understanding of and commitment to the business and IT mission, objectives and plans by members of organizational units (Reich & Benbasat, 1996). This view is supported by Campbell, Kay, & Avison (2005), who call for alignment to involve all levels of the organisation because theoretically sound organizational plans and strategies may be poorly executed or even undermined by actors due to poor social alignment.

Another important aspect of strategic alignment relates to organizational structure, which is the degree of structural fit between business and IS in an organization. In particular, it refers to the placement of IS decision-making rights (IS governance), reporting relationships, the centralization or devolution of IS services and infrastructure and the deployment of IS expertise (Chan, 2002). Structural fit is an essential requirement for business and IS structures to support the attainment of organizational goals.

The Strategic Alignment Model proposed by Henderson & Venkatraman (1993) advocates strategic fit and functional integration among four domains: business strategies, IS strategies, organizational infrastructure and IS infrastructure. The model is founded on two building blocks of strategic fit and functional integration. Strategic fit involves strategies to address both the internal and external domains. The external domain refers to the business environment in which the organisation operates, while the internal domain deals with issues related to administrative structure, business processes, as well as human resources.

The ability of an organization to effectively leverage IS for competitive advantage (another rogue hyphen)   involves decisions related to the external domain: the range of specific information technologies that support existing business strategies and shape future strategies; aspects of IS strategy that could effectively support both existing and new business strategies; and the selection and governance mechanisms to acquire IT capabilities. Furthermore, aspects of the internal IS domain relating to IS architecture, processes and hiring human resource skills, should be addressed. To enable business transformation and deliver advantages, Henderson & Venkatraman (1993) contend that organizations should pay attention to both the internal and

external aspects of IS strategy. It is also important to integrate the business and IS strategies as choices in the IS domain, impact the business domain and vice versa.

## 3.0    Case Background

The case study is of a subsidiary of a global telecommunications vendor headquartered in Northern Europe. It specializes in providing mobile and fixed communication networks, multimedia solutions, telecom equipment and services.

The Ghanaian subsidiary was established in 2011 and delivers services to major telecommunications operators across sub-Saharan Africa. It also acts as a regional support centre for sub-Saharan Africa. Its main objective is to provide efficient services by providing clients with expertise on the continent, nurturing local talent and driving sustainable development of telecommunications in Africa. Given the objective of the study to examine the influences of power distance on strategic alignment, this company is an interesting case given that it is a multinational company that originated in Northern Europe. On one hand, it operates in a global environment as a single entity with many subsidiaries that need to be coordinated. On the other hand, it comprises many subsidiaries that operate in distinct national cultural contexts, but draw resources and cultural influences from the headquarters. Like many global companies, it is simultaneously exposed to different national contexts (Rosenzweig & Singh, 1991). Like most multinational companies, it has to grapple with the cultural and other complexities that come with operating simultaneously in multiple environments. The subsidiary has a multicultural workforce making it an ideal setting to study the effects of power distance on strategic alignment processes.

In terms of Hofstede's cultural framework, Ghana is a high power distance West African culture. The work environment and organisational structure in Ghana is generally characterised by a recognition and acknowledgement of inequality and institutional hierarchies (Hofstede, 1980). There is also a high degree of paternalism and submission to authority and power; authority is centralised, and decision making styles tend to be autocratic as superiors make decisions without consultation or participation of subordinates, while subordinates are generally unwilling or afraid to disagree with superiors (Gyekye & Salminen, 2005; Hofstede, 2001). In contrast, the North European culture of the headquarters setting is characterised low power distance, with less hierarchy, equal rights, and access to superiors. The management

style is generally informal, communication is direct and decision making is consultative (Hofstede, 2001).

## 4.0    Methodology

The data for this study is based on a single case study of a multinational organization conducted under the interpretive research paradigm to explore the elements of power distance and how they influence strategic alignment processes. A case study is useful as a research method when 'how' and 'why' questions are being asked about a contemporary set of events that the researcher has little or no control over (Yin, 2008). The single case study upon which this research is based is consistent with the interpretive research paradigm. Walsham (1993) argues that our knowledge of reality is socially constructed by human actors. Interpretive research is not necessarily generalizable from a sample to a population. Its validity rests on the logical reasoning behind the description of the case study results, drawing inferences and conclusions from the results. The interpretive perspective facilitates a deeper understanding of the effects of power distance on strategic alignment.

In interpretive studies interviews are a key way of accessing the interpretations of informants in the field (Walsham, 2006). As such, the primary instrument of data collection is semi-structured interviews, which allow improvisation and new questions to be explored based on answers to previous interview questions (Leech, 2002). A semi-structured interview protocol is developed with open ended questions. The protocol has three main sections: company and interviewee information, strategic alignment, and national culture. The semi-structured interviews were designed to give respondents the opportunity to articulate the views and experiences regarding culture and strategic alignment.

Six semi-structured interviews were with managers and engineers of the study organization in Ghana via Voice over IP (VOIP). Because the entry into the organization was negotiated through personal contacts, the selection of respondents was opportunistic. All the interviewees are managers and operational level personnel currently based in Ghana, but from different national cultural backgrounds. The average duration of the interviews is approximately 55 minutes. The interviews are captured with an audio recorder. In some cases follow up calls were also made for clarification.

After each interview, the results were transcribed verbatim to enable computer assisted qualitative data analysis (CAQDAS) with Nvivo 10 software. The use of CAQDAS has been growing in popularity in recent years as an alternative to manual methods because it helps improve the efficiency of the analysis process. The tools of Nvivo supported data analysis and the coding of the interview data. CAQDAS enabled the task of organising the data more efficiently and effectively compared to the manual method. The tools of the software enabled searches through the data to find texts or specific keywords and linking similar ideas while being able to access the original information behind the concepts. The data was examined for similarities and differences, and similar concepts grouped together into nodes. The coding and analysis allowed for cultural factors and how they affected strategic alignment to emerge. While the software was useful for the inductive coding of the interviews according to coding procedures suggested by Glaser & Strauss (1967), the researcher decided on what to code (Bringer, Johnston, & Brackenridge, 2006). The interviews were supplemented with document analysis, including policy documents, annual reports and information mostly from the websites of the case organization. The secondary data created opportunities for the triangulation of the findings.

## 5.0    Findings and Discussion

The main objective of the study is to explore the influences of power distance on the strategic alignment processes. Given the multinational nature of the case study organization, there is bound to be significant differences in the level of power distance between the cultural context of some of the subsidiaries and the headquarters. As shown in Table 2, coding of the interviews indicate that power distance influences strategic alignment through its impact on business and IS strategic planning, organisation structure, communications, partnership and interactions among staff at various levels of the organization.

| Themes | No. of references in the data | How it is organized in the subsidiary | Influences of power distance |
|---|---|---|---|
| 1 Strategic planning approach | 12 | Strategies initiated centrally at group level<br>Subsidiaries/business units define business and product strategies<br>Consultative strategic planning approach involving business and IS functions and personnel at different levels of the organization | Approaches to strategic planning are inclusive and consultative and consistent with low power distance of the headquarters. |
| 2 IS governance (decision making) | 6 | Consultative | Evidence that the consultative decision making is influenced by low power distance of headquarters transferred to subsidiary |
| 3 Organizational structure | 8 | Distributed | The organizational structure influenced by low power distance of the headquarters |
| 4 Management style | 7 | Informal,<br>non-hierarchical<br>egalitarian | Low power distance of the parent company are embedded in the management style of the subsidiary<br>Management style of head-quarters has a reducing effect on high power distance of the subsidiary context |
| 5 IS infrastructure and processes | 8 | Service delivery framework is based on common processes, methods and tools shared between its global and regional operations.<br>Enterprise IS architecture for standardization, efficiency, and to enable critical business processes<br>IS services outsourced to third party vendors<br>Enterprise systems allow virtual teams to work across time and space | No evidence in the data that power distance affects IS infrastructure |
| 6 Communications | 10 | Corporate email, video streaming, telephone | Difficulties understanding accents of personnel from different culture |
| 7 Virtual teams | 5 | Virtual teams with members located in different countries in Africa from different cultural backgrounds | Problems of different attitudes to time<br>Difficulties understand different accents |

**Table 2.          Emergent themes from the coding of the data.**

## 5.1    Business Strategy

The case firm's strategies, operations and resource allocation are mostly determined at the headquarters. Generally, strategies are translated into performance indicators for its operating units through balanced scorecards that are updated regularly based on the company's strategies, and communicated across the organization. The indicators are related to marketing and customer performance, competitive position, internal efficiency, financial performance, employee satisfaction and empowerment. Balanced scorecards are also used as a management tool for the alignment of business unit and organizational goals, for monitoring of progress towards the attainment of the goals and for the mitigation of any risks identified. Generally, policies and directives governing the work of the organization are enterprise-wide.

Data from the interviews reveal that although general strategic directions are typically initiated at the corporate headquarters, personnel across the business and IT functions at the subsidiaries are frequently consulted. The resultant strategy is communicated across the organization via corporate email and staff bulletins and magazines. The quote below captures the experience of the Head of Business Support Systems regarding strategic planning:

*We have the strategic vision, which outlines where we think the company should be going, but before it is completely crystallized, a lot of input has to be taken from the lower levels of the organization. So [strategic planning] is hybrid, you have some broad general direction from the top, but it is fine-tuned based on input from the lower cadres of the organization [Manager 3].*

Governance processes in the high power distance West African culture is largely authoritarian. However, the interviews show that business governance is consultative. Before decisions are implemented, employees are usually consulted through questionnaires, email, video conferencing and through web forums. One of the interviewees expressed the following view about the decision making process:

*Before any policy is implemented, they send questionnaires for everyone to suggest the way forward. This is compiled. They may have their own version of how they want to proceed, but they want to get everyone's opinion. They want the engineers and everyone else to say something; they then assemble them together and send back to us for review. They want to be sure that what is to be done will be of benefit, rather than coming to impose.*

*[Head of Business Support Systems]*

It appears from the interviews that governance and decision making processes are incongruent with the national cultural context of the subsidiary. This finding indicates that business governance at the Ghana subsidiary is consistent with low power distance cultures, which tend to be more consultative. The business governance processes may have been influenced by the organizational culture or national culture of the headquarters. Even though multinational companies operate in multiple cultural contexts, Meyer, Mudambi, & Narula (2011) report that the local culture of the corporate headquarters typically exert strong influences on organisational practices and strategies.

## 5.2    IS Strategy

Business goals must be well-supported by IS strategies and capabilities in order for an organization to gain competitive advantage. As such, IS strategic planning is pivotal in deciding the best way to support the organization's strategy. IS strategy at the subsidiary is driven by the desire to cut costs, encourage mobile and flexible working and promote data security. The study discovered that the process of determining IS strategy and IS infrastructure decisions are initiated at the headquarters. The Ghana subsidiary has authority over decisions about strategic IS deployment, which allows for IS innovation in products, services and relations with customers. Before final strategic IS decisions are made, input from both the business and IS personnel at various levels of the organization are usually sought. The sentiment below captures the governance processes involving the acquisition of new software:

*Whatever software they [management] want to acquire has to be discussed with the rest of the staff. Important strategic decisions are usually drafted from the top. However, employees are usually consulted for their view via questionnaires and through online forums. They don't want to install systems that people don't use.*

*[Manager 2]*

As a global organization, the company uses enterprise IS architecture to pro-mote standardization, efficiency and enable critical business processes. This means that work can be performed across time and space. Iveroth (2012) reports that ERP can have a harmonising effect on the organisation because it reinforces convergent work practices, behaviour and mind set. Processes and tools are standardised across the organization, this implies that the national culture of the parent company drives work

practices in the subsidiaries. However, the quest to reduce cost of operations has generally meant that IT is outsourced to third party venders.

Strategic alignment is achieved in organizations through harmonizing business and IS strategies. The interviews show that even though the subsidiary is located in a high power distance context, it is the low power distance of the headquarters which has had significant influences on strategic planning processes. The consultative nature of strategic business and IS planning at headquarters and the subsidiary is a reflection of the power distance context of the headquarters. This seems to be contrary to the Hofstede (1980) findings which we understand were also carried out in the subsidiaries of a technological multination, though not only with reference to strategy and alignment.

## 5.3    IS Infrastructure and Processes

It is apparent from the interviews that the subsidiary has a distributed administrative structure. Some of the respondents felt that the distributed structure is suitable for the company's global operations and promoted efficiency and proximity to clients. The company's structure is enabled by enterprise IS that facilitate the standardization of the company's structures and processes.

According to the respondents, the Ghana subsidiary operates an 'open-plan office', with no particular office space allocated to anyone. This reflects the corporate culture and management style at the headquarters, which is largely informal, non-hierarchical and based on egalitarianism. One of the managers reflects on the organizational structure at the subsidiary:

*We have an open office. Most of the people here are managers but you might not know because we do not have a specific office or desk allocated to anybody. When you come to the office and any desk is vacant, you can sit. Notwithstanding that we have the CEO, and we have a number of horizontal managers, so you don't see managers reporting to a big shot. At the end of the day we work as a team.*

*[ Manager 1]*

The structure of the Ghana subsidiary reflects the low power distance values of the headquarters. The egalitarian values of the culture of the headquarters appear to have influenced the organizational structure of the Ghana subsidiary. This is consistent with prior research that shows a preference for decentralized organizational structure in low power distance context. Prior research has paid some attention to the similarities and differences in organizational structure and management practices

across cultures. Rosenzweig & Singh (1991) contend that multinational organizations tend to replicate their organizational structure as they enact existing practices and standard operating procedures when starting new operations in other cultures. The use of enterprise-wide IS has resulted in organizational structures and processes mimicking that of the headquarters, a phenomenon known as the mirror effect.

The findings of this study show no evidence to support that the high level of power distance in Ghana affected strategic alignment processes in the case organisation. The organizational culture of the company, which is influenced by the cultural context of the parent company, influenced strategic alignment processes. This is consistent with the arguments by Meyer et al. (2011) that the local context of the corporate headquarters exerts strong influences on organizational practices and strategies. As a result, multinational organizations have to balance between the local context in which they operate and aligning within the network of the multinational organization.

The recruitment processes may have resulted in the selection of employees who could be socialized in the organization's cultural values. This may possibly be as a result of the multi-cultural workforce and the strong organizational culture of the headquarters that may have been transmitted through organizational socialization processes as well as the rigorous training given to new recruits including in some instances training and internships of subsidiary recruits at global headquarters. Lachman, Nedd, & Hinings (1994) argue that if the socialization process is effective, it could override the previously held cultural values and modify them to fit those required by the organization.

## 5.4    IS Infrastructure and Processes

IS infrastructure is an import component of implementing an organization's strategies. Personnel at the subsidiary in Ghana are from diverse national cultural backgrounds. Virtual teams are usually made up of personnel located in different parts of Africa. The use of enterprise IS infrastructure has made this kind of collaboration possible. The use of ERP software has made it possible to manage and integrate business processes across multiple countries bringing about standardization and similar strategic alignment processes. The following quote captures the various cultural backgrounds at the Ghana subsidiary:

*If I look at the entire organisation I have people from India, from francophone West Africa, from Nigeria, Ghana, and East Africa – Kenya, Uganda, Tanzania. We have*

*people from southern Africa, most of them from the Republic of South Africa. We also have Pakistanis, Senegalese, Singaporeans, and Swedes.*

*[Engineer]*

The IS infrastructure is designed to support the company's dispersed administrative structure. The ERP system is generally deployed to enable personnel at different locations to work in virtual teams. The following quote below from a project manager illustrates the role of virtual teams for accomplishing tasks:

*I have four managers reporting to me. Two of them are in Nigeria; two of them are in South Africa, in different time zones. So the IT infrastructure has to be such that it enables mobility management. Sometimes colleagues call you they are not feeling too well and want to work from home, but it does not mean that because they are working from home they should be less efficient. In general, the organization is highly distributed for reasons of efficiency, reporting and sometimes proximity to customers. The IT infrastructure is geared towards catering for mobility. There are people who are in the field deploying solutions, sitting down and engaging with customers and understanding their business requirements. So it is important that our IT services are scalable to accommodate this sort of structure [Project Manager].*

The company's IS infrastructure is outsourced to a third party company. A field engineer explained:

*We have a third party company that manages our IT infrastructure. Even the laptop is rented daily, it is not bought. So when I resign today, I have to report so that the deal on my laptop is cancelled by the third party company. Our email systems are handled by another company [Head of Business Support Systems].*

The primary reason for the outsourcing of the IT is in line with headquarters' cost-cutting strategy and the need to focus on its core business. The company de-ploys IS to enable standardized processes across its operations around the globe. The company also applies standardized internal controls and key performance indicators as a means to reduce costs.

## 7.0    Conclusion

This study set forth to explore the effects of power distance on strategic alignment processes. The results are relevant as they represent the views of managers who work in a cross-cultural and multicultural environment. Consequently, findings should be of particular interest to organizations operating is different cultures that are seeking to

gain competitive advantage from IS. Moreover, the findings are important for researchers on the cultural implications of IS. As expected, the study confirms that power distance of the cultural context of the parent affect the strategic alignment processes of the Ghanaian subsidiary. Specifically, power distance affected strategic alignment through its influences on decision making, communication pro-cesses, organizational structure, and management style. This mainly influenced strategic alignment through its influence on the organizational culture of the subsidiary. However, it seems the power distance of the context of Ghana was not very relevant in this subsidiary.

## 8.0    Implications, Limitations and Further Research

Having presented findings and discussed the effects of power distance on strategic alignment, it is important to assess the implications for organizations. Cultural issues and strategic alignment have become increasingly important issues for IS management. Power distance is one of the cultural dimensions with far reaching consequences for management practices, ranging from strategy formulation, decision making, management structure, team work and communications. Consequently, the effective management of power distance is central to attaining strategic alignment and gaining competitive advantage.

Since culture is slow and difficult to alter, it is important that power distance of the headquarters and the host country be taken into consideration when strategies are being designed for strategic alignment. The findings of this case study suggests that approaches are more likely to improve strategic alignment in low power distance cultures and in instances where organizational practices founded on low power distance contexts of the headquarters are transferred to its subsidiaries based in a high power distance setting. However, further research are required to text these findings in different organizations.

This study has some limitations that need to be taken into consideration. First, the findings are based on a relatively small number of interviews from one organization, which limits the generalizability of the findings. However, there was a high degree of consistency in the views of the interviewees, which suggests that the findings are illustrative of the broader situation. Multiple organizational studies in the future in different industries, controlling for industry effects, will supplement the current results and make them more robust.

Second, the focus of data collection for this paper was limited to the subsidiary. It will be important for future research to gather data from both headquarters and the subsidiary. It will also be important to explore multiple organizations in different industry sectors. It will also be important for the future research to examine the effects of other dimensions of national culture on strategic alignment in other organizations operating in different cross-cultural and multi-cultural contexts in order to facilitate comparison and the triangulation of findings across cultures and organizations. That way, a rich and comprehensive picture of the effects of national culture on strategic alignment processes will emerge. This will contribute to a better understanding of the effects of the cultural dimensions on strategic alignment.

Third, this study did not consider the influence of level of economic and technological development on strategic alignment. It would also be interesting to study a situation where a high power distance culture operates subsidiaries in low power distance contexts such as can be found in car manufacturing, electronics and the software industry.

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