

## STRATEGY ALIGNMENT: KEY FACTORS FOR EFFECTIVE STRATEGY IMPLEMENTATION

### A Review Of Conceptual And Empirical Literature

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#### ABSTRACT

*This study aimed to conduct a literature review to determine the reason behind the difficulty of strategy implementation. To achieve this objective, 36 articles were collected from 1980 to June 2023 from previous literature reviews and the results of searching several other leading journals. The result showed that it is necessary to add a strategy alignment category as an important bridge between formulation and implementation. Furthermore, 6 important factors in strategy alignment need to be considered as a key success for effective implementation. The article contributes a theoretical strategy alignment framework and guidance questions useful to practitioners to ensure that the process runs well, thereby allowing an effective strategy implementation.*

**Keywords:** Strategy alignment, strategy implementation, execution, alignment, strategic management.

#### ABSTRAK

Penelitian ini bertujuan untuk melakukan tinjauan literatur untuk menentukan alasan di balik kesulitan implementasi strategi. Untuk mencapai tujuan ini, 36 artikel dikumpulkan dari tahun 1980 hingga Juni 2023 dari tinjauan literatur sebelumnya dan hasil penelusuran beberapa jurnal terkemuka lainnya. Hasil penelitian menunjukkan bahwa perlu ditambahkan kategori penyelarasan strategi sebagai jembatan penting antara perumusan dan implementasi. Selain itu, 6 faktor penting dalam penyelarasan strategi perlu dipertimbangkan sebagai kunci keberhasilan implementasi yang efektif. Artikel ini memberikan kontribusi kerangka kerja penyelarasan strategi secara teoritis dan pertanyaan panduan yang berguna bagi para praktisi untuk memastikan bahwa proses tersebut berjalan dengan baik, sehingga memungkinkan implementasi strategi yang efektif.

**Kata Kunci:** Keselarasan strategi, implementasi strategi, eksekusi, keselarasan, manajemen strategik

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## Introduction

### ***Obstacles in strategy implementation***

Strategic management is usually divided into two phases, namely formulation and implementation (Henry Mintzberg & Waters, 1985). This division is a common standard used by many scholars and practitioners and in many strategic management books (Alexander, 1985; David & David, 2017; Wheelen et al., 2015). According to Bower (1982), the actual division of these two phases is more conceptual than real.

Many organizations or practitioners do not experience much difficulty when making strategy formulation (Hrebiniak, 2006; Vigfússon et al., 2021; Yang et al., 2010). This is because many tools and models can be used when doing strategy formulation. Meanwhile, the only a few tools or how-to's are available for strategy implementation. According to Vigfússon et al. (2021), strategy implementation is understudied and studies regarding this theme are still in their early days with a limited number of empirical investigations completed. This observation showed a gap between academia or scholars and the needs of organizations or practitioners. Bigler (2001) stated that strategy implementation is one of the crucial factors for sustainable advantage in the 21st century.

The implementation strategy is the realization of an organization's strategy by breaking it down into more specific programs, projects, or tasks (Amoo et al., 2019). The measure of effective strategy implementation is implementing the planned strategy into real action. This is easy to say but difficult to do. Some data shows how difficult it is to implement a strategy. Data from an Economist survey of 276 senior operations executives in 2004 showed that 57 percent of firms failed to implement their strategic initiatives over the past three years. Other data from the White Paper on Strategy Implementation of Chinese Corporations in 2006 states that 83 percent of surveyed companies failed to implement their strategies. There is still much data - in journals and books - stating that implementing corporate strategies often fails.

In examining the obstacle factors related to strategy implementation as described in Table 1, it becomes evident that the difficulty experienced is complicated and covers many areas. However, a deeper examination and group showed the factors related to the strategy formulation area are included in this obstacle, such as poor or vague strategy, unclear strategy, priorities, and others. Some of the factors directly related to the implementation difficulty area are lack of time and resources, inadequate IT support or monitoring strategy, the inability to manage change effectively and overcome its resistance, culture problems, management style, and others. Although the three sources mentioned obstructions to

strategy implementation, the obstacles are not purely in the implementation area but include formulation. There are even other factors that should not be included in the formulation area or the implementation area. Therefore, we need to add one more area besides strategy formulation and implementation.

**Table 1: 3 sources of obstacles to strategy implementation**

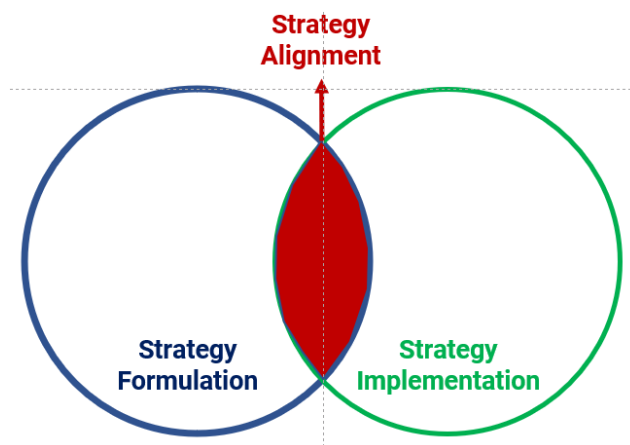
<b>Obstacles to effective strategy implementation (Hrebiniak,2006)</b>	<b>The silent killers of strategy implementation and learning (Beer &amp; Eisenstat,2000)</b>	<b>Obstacles to strategy implementation and success factors: a review of empirical literature (Vigfússon et al., 2021)</b>		
Inability to manage change effectively and overcome resistance to change	Top-down or laissez-faire senior management style	Inadequate leadership	Cultural Problems	Limited commitment and understanding
Poor or vague strategy	Unclear strategy and conflicting priorities	Goals and tasks not defined	No guidelines to implement	Inadequate staff capabilities
Not having guidelines or a model to guide strategy implementation efforts	An ineffective senior management team	Management style and lack of support	Poor communication	Limited alignment and coordination
Poor or inadequate information sharing and unclear responsibility and accountability	Poor vertical communication	Unclear strategy	Lack of time	IT do not support or monitor strategy
Trying to execute a strategy that conflicts with the existing power structure	Coordination across functions, businesses or borders	External Barriers	Lack of resources	
	Inadequate down-the-line leadership skills and development	Inadequate change management	Unexpected problems	

Strategy alignment is another area between the strategic management dichotomies that will be the primary focus of this study. Some factors related to strategy alignment are poor or inadequate information sharing, as well as unclear responsibility and accountability. These may also include the absence of guidelines or a model to guide strategy implementation efforts, trying to execute a strategy that conflicts with the existing power structure, poor vertical communication, coordination across functions, businesses or borders, goals, and tasks not defined, no guidelines to implement, limited commitment and understanding, limited alignment and coordination. The strategy alignment areas include several factors, making it a difficult, yet indispensable component for achieving strategy implementation. Despite the significance of strategy alignment, it remained underexplored in the scholarly literature (Gasela, 2021b).

### Strategy alignment definition

Strategy alignment is the intersection between formulation and implementation, as shown in Figure 1. Alignment is a broad term that scholars interpret differently, and one of its interpretations is the concept of fit (Venkatraman & Camillus, 1984). The word “fit” in this concept has several meanings, including a form of alignment between the internal and external conditions of the organization or the alignment of various internal organization resources for the execution of organizational strategy. It can also mean aligning corporate with business unit strategy (Hrebiniak, 2013). A similar meaning but with a smaller scope defines alignment as a form of organization's strategy, which is derived into the strategy of each functional unit or manager in the organization (Decoene & Bruggeman, 2006; Kaplan & Norton, 2006; Kathuria et al., 2007a). Therefore, alignment has a broad meaning and is an important concept in strategic management (Sherafat & Khaef Elahi, 2018; Venkatraman & Camillus, 1984).

**Figure 1:** Strategy alignment is the incision between strategy formulation and strategy implementation



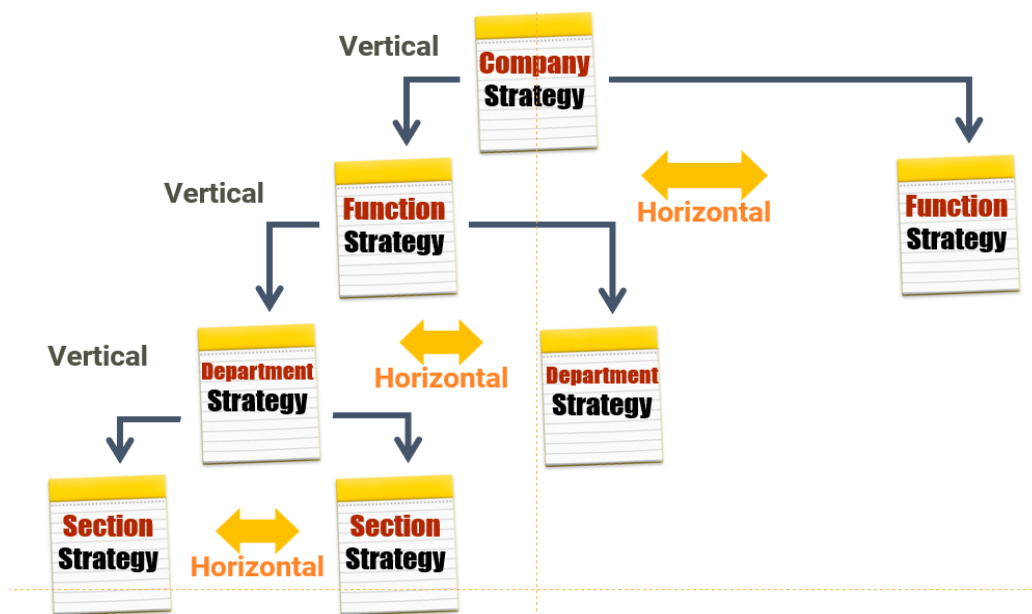
This study will use the definition of alignment in the sense of harmonizing organizational strategy, which is derived into the strategy of each business unit or functional unit in the organization as defined by (Decoene & Bruggeman, 2006; Hrebiniak, 2013; R. S. Kaplan & Norton, 2006; Kathuria et al., 2007). Consequently, strategy alignment is a way to ensure that the strategy from the organizational level can go down in harmony with each business or functional unit.

Only a few studies have discussed strategy alignment, such that implementation can run effectively and successfully. According to (Yang et al., 2010), there are very few studies that have examined the inter-relationship of functional and business strategies. Several studies

have discussed the concept of strategy alignment, often within the context of strategy implementation. These include model implementing strategy: key decisions and action (Hrebiniak, 2006), model management system: linking strategy to operations (Kaplan & Norton, 2008), model strategy process phases: strategic architecture, action, and adaptation (Vuorinen et al., 2018).

These three studies have the exact definition of strategy alignment used in this investigation. The study also mentioned two types of strategy alignment, namely vertical and horizontal (Kathuria et al., 2007). Vertical alignment is lowering strategies, objectives, targets, and initiatives from the top of the organization to the lowest level. It is divided into three levels, namely corporate, business, and functional. On the other hand, horizontal alignment is coordination between units at the lower level of top management/board of directors. It is divided into cross-function and intra-function, where coordination occurs across business or function units, and within the same business or function unit, respectively. The notion of vertical and horizontal alignment has been widely accepted in various studies (Vuorinen et al., 2018). The visual representation of vertical and horizontal alignment in Figure 2.

Figure 2: Vertical and horizontal alignment



**Study objectives and paper purpose**

This study addresses two questions:

- a. What key success factors make strategy alignment work?

b. Can a model or template be made for strategy alignment success factors?

This study aimed to address the two questions above, thereby contributing to the academic discourse on the topic of strategy alignment and serving as a model for effective implementation within companies by industry practitioners.

This study also aimed to review, critique, and synthesize the literature on empirical investigation of strategy alignment to create new knowledge and frameworks as part of the integrative review process (Torraco, 2016). The steps used in this study followed the critical analysis (CA) method proposed by (Nakano & Muniz, 2018).

Due to the absence of a comprehensive and relevant literature review in the area of strategy alignment with the tendency to incorporate the subject within the strategy implementation area (Barney & Hesterly, 2015; Hill & Jones, 1998; Hrebiniak, 2006; Kaplan & Norton, 2006), comprehensive and relevant literature reviews previously conducted by scholars were examined. The results showed four best relevant literature reviews from previous scholars (Noble, 1999; Tawse & Tabesh, 2021; Vigfússon et al., 2021; Yang et al., 2010), as listed in the Table 2.

**Table 2:** Four best and relevant existing literature reviews on strategy implementation or execution topic

Journal Name	Writer	Year of publication	Number of journal reference	Period of	Published by
The Eclectic Roots of Strategy Implementation Research	Charles H.Noble	1999	Fifty (50)	1983-1996	Jurnal of Business Research (Index 236 - Q1)
Making Strategy Work: A Literature Review on the Factors influencing Strategy Implementation	Yang Li, Sun Guohui, Martin J.Eppler	2010	Sixty (60)	1984-2007	Handbook of Research & Strategy Process (Chapter 8)
Strategy Implementation: A Review and an introductory framework	Alex Tawse, Pooya Tabesh	2020	Thirty-seven (37)	1997-2019	European Management Journal (Index 117 - Q1)
Obstacles to Strategy Implementation and Success Factors: A Review of Empirical Literature	Kristjan Vigfusson, Lara Johannsdottir, Snjolfur Olafsson	2021	thirty-five (35)	1980-2020	Journal of Strategic Management (Index 318 - Q1)

The four literature reviews above result from screening and investigations by these scholars to obtain the best related to strategy implementation or execution. Their studies were also published in journals and books with a good reputation. Consequently, the articles featured within these four literature are the initial database sources in this study, covering the period between 1980 and 2020.

### Method

A second screening was conducted to obtain the best studies from the four above. The second screening made a comparison in at least two or more of the four studies above. The highlights are shown in the Table 3.

**Table 3:** Main journal as reference for the period between 1980 – 2020

Eclectic Roots of Strategy Implementation Research - Noble (1999)				Making Strategy Work : A Literature Review on the Factors Influencing Strategy Implementation - Yang (2010)				Obstacles to Strategy Implementation and Success Factors : A Review of Empirical Literatureh - Vigfusson (2020)				Strategy Implementation : A Review & an Introductory Framework Tawse & Tabesh (2020)			
No	Journal Name	Year	Writer	No	Journal Name	Year	Writer	No	Journal Name	Year	Writer	No	Journal Name	Year	Writer
1	Implementation Approaches for Project Planning	1983	Nutt	1	Critical Tactics for Implementing Porter's Generic Strategies	2006	Akan, Helms & Spralls	1	Structure is not organization	1980	Waterman & Peters	1	Implementing corporate strategy	1997	Epstein & Manzoni
2	Strategic Planning and Consensus Building for External Relations—Five Cases	1983	Nielsen	2	14.Successfully Implementing Strategic Decisions	1985	Alexander	2	4.Performance & Consensus - Summary	1980	Bourgeois	2	Implementing an IS Strategy	1997	Mentzas
3	Strategy Implementation: A Technique for Organizational Design	1984	Drazin & Howard	3	15.A Short, Practical Guide to Implementing Strategy	2005	Allo	3	5.Business unit strategy, managerial characteristics, and business unit effectiveness at strategy implementation	1984	Gupta & Govindarajan	3	Strategy implementation: The new realities	1998	Lorange
4	Communication and Innovation Implementation	1984	Fidler & Johnson	4	Performance in Adolescent, Technology-Based Firms: Product Strategy, Implementation, and Synergy	1997	Bantel	4	6.Obstacles to strategy implementations in a nationalized industry	1985	Wernham	4	22.Marketing implementation: the implications of marketing paradigm weakness for the strategy execution process	1998	Piercy
5	1.Strategic Implementation: Five Approaches to an Elusive Phenomenon	1984	Bourgeois & Brodwin	5	16.The Silent Killers of Strategy Implementation and Learning	2000	Beer & Eisenstat	5	14.Successfully implementing strategic decisions	1985	Alexander	5	20.The eclectic roots of strategy implementation research	1999	Noble
6	Consensus on Strategy Formulation and Organiza-Shanber: Control Combinations in Marketing: Conceptual Frame- tional Performance: Competitors in a Fragmented Industry	1987	Dess & Origer	6	1.Strategic Implementation: Five Approaches to an Elusive Phenomenon	2001	Bourgeois & Brodwin	6	7.Factics of implementation	1986	Nutt	6	Keys to successful strategy execution: The most brilliant strategy ever devised won't get you anywhere if you can't execute it	2002	Zagotta & Robinson
7	Managing Marketing Implementation	1988	Bonoma& Crittenden	7	17.Key success factors for strategy implementation in Latin America	2008	Brenes, Mena & Molina	7	8.Strategy implementation versus middle managers self- interest.	1986	Guth & Macmillan	7	Lessons from Hillt: How customer and employee contact improves strategy implementation	2002	Meehan & Beschera
<b>Total 50</b>				<b>Total 60</b>				<b>Total 35</b>				<b>Total 37</b>			
Intersection Noble & Yang						11									
Intersection Noble & Vigfusson						2									
Intersection Yang & Vigfusson						9									
Intersection in three literature						5									
Intersection Yang & Tawse						3									
Intersection Vigfusson & Tawse						2									
<b>Total Journals with more than 2 intersection</b>				<b>27</b>				<b>Main journal as reference to cover the period between 1980 - 2020</b>							

There were 11 interaction studies between (Noble, 1999) and (Yang et al., 2010) and 2 between (Noble, 1999) and (Vigfússon et al., 2021). Similarly, the number of interaction studies between (Yang et al., 2010) and (Vigfússon et al., 2021) totaled 9, and only 3 were between (Yang et al., 2010) and (Tawse & Tabesh, 2021). A total of two interaction studies were found between (Yang et al., 2010) and (Tawse & Tabesh, 2021). Three separate studies outside those referenced previously contain at least 5 instances. Therefore, 27 studies in at least two or more of the four literature are prominent and will be examined from 1980 to 2020.

Another search was conducted for literature between 2020 and June 2023 to complete the 27 studies. The search was conducted through ScienceDirect, Proquest, and Emerald using the keywords "Strategy Implementation," "Strategy Execution," "Execution," "Alignment," "Strategy Alignment" or "Strategic Alignment." A total of 9 was obtained from this search, bringing the total number of primary studies to 36 for the period 1980 to 2020.

The analysis was carried out in two stages, where the first included the technique for conducting a critical analysis to write empirical literature (Nakano & Muniz, 2018). In the second stage, analytical tools were used:

- a. The 36 studies were grouped using the categories of the strategy alignment models, namely the strategy process phases model, including architecture, action, and adaptation (Vuorinen et al., 2018). Strategy architecture contains the process of analysis and formulation. Therefore, strategy architecture is the same as strategy formulation in the classic management model. Action translates strategy to operations and organizing activities, and it is the same as strategy alignment in the classic management model but "hidden" in implementation. Adaption contains monitoring and learning, and it is the same as strategy implementation or execution in the classic management model.
- b. The key factors for success and failure from the 36 studies are analyzed and group into the three categories using Excel software.

**Result and Discussion**

***Finding strategy alignments’ obstacles and key success factors***

The analysis results of thirty-six articles highlight obstacles and key success factors for the action category in Table 4.

**Table 4:** The main points, obstacles, and key success for action category (strategy alignment)

No	Authors	Main Points	Action	
			Obstacles	Key Success
1.	(Bourgeois, 1980)	The influence of consensus on goal and means in strategy formulation	-	-
2.	(Bourgeois III & Brodwin, 1984)	Five process approaches used to advance strategy implementation for the role of CEO	-	Collaborative on strategy, Shared goal between the organization and its participants, Clear organizational structure
3.	(Gupta & Govindaran, 1984)	Effect of Managerial characteristic on SBU Strategy	-	-
4.	(Wernham, 1985)	Factors of implementation problem in UK nationalized	-	-



		industry		
5.	(Alexander, 1985)	Strategy implementation obstacles from the top management view	Lack of coordination, Key implementation tasks were not defined in enough detail	-
6.	(Nutt, 1986)	Different tactics for managers or sponsors in implementation	-	-
7.	(Guth & Macmillan, 1986)	Middle management self-interest or motivation to implement strategy	Low or negative commitment, not aligned with individual goals	-
8.	(Gupta, 1987)	The impact of Corporate - SBU relations on the strategy implementation of SBU	-	-
9.	(Govindarajan, 1988)	Effect of SBU strategy on administrative mechanisms in implementation	-	-
10.	(Hambrick & Cannella, 1987)	How to convert a new strategy into concrete competitive success	-	Coordination (upward, downward, outward, and across), clear structure, and subunit program
11.	(Wooldridge & Floyd, 1990.)	Investigating the relationship between middle management involvement in strategy and organizational performance	-	Consensus & commitment to strategy
12.	(Skivington & Daft, 1991)	Effect of two implementation modalities on individual strategic decisions	-	Clear structure, interaction between top management and employee
13.	(Floyd & Wooldridge, 1992)	A typology of four middle management strategic roles and links to organizational strategy	-	Championing alternatives, implementing deliberate strategy
14.	(Floyd, 1992)	Examines an approach to implementation that focuses on strategic understanding and commitment shared by managers	-	Improving understanding, enhancing commitment
15.	(Waldersee & Sheather, 1996)	Demonstrate the potential impact of strategy on manager implementation intentions	-	-
16.	(Piercy, 1998)	The impact of behavioral and organizational consequences caused by the traditional dichotomy between strategy formulation and implementation to marketing strategy implementation	-	-

17.	(Noble, 1999)	An eclectic collection of implementation studies	-	Proper strategy-structure alignment, strategic consensus (understanding and commitment) between managers, "trickle down" process from top management to line worker, vertical and lateral interaction and communication
18.	(Beer & Eisenstat, 2000)	Six silent killer of strategy implementation	Top-down or laissez-faize senior management style, poor vertical communication, poor coordination across functions	-
19.	(Okumus, 2001)	Develop an implementation framework and evaluation of how their variables interact and influence each other Identify barriers to the successful implementation in a Norwegian ferry-cruise organization	-	Formal and informal organizational structure, top-down and bottom-up communication, operational planning
20.	(Heide et al., 2002)	Explore vertical communication as	Communication barriers, organizational structure barriers	-
21.	(Rapert et al., 2002.)	communication and strategic consensus factors for functional and organizational performance	-	Frequent communication, strategic consensus
22.	(Hrebiniak, 2006)	Identifies main obstacles to effective implementation and describes what manager must do to overcome it	Not having guidelines or a model to guide strategy implementation efforts, Poor or inadequate information sharing, unclear responsibility, and accountability, trying to execute a strategy that conflicts with the existing power structure	-
23.	(Schaap, 2006)	Investigating the relationship between effective leadership behavior and successful strategy implementation in the Nevada casinon industry	Employees understand and agree with the strategic plan of the organization	-
24.	(Brenes et al., 2008)	Understanding the key success factors in the implementation of business strategy for local business firms in Latin America	-	Organizational structure, alignment of processes - work systems and information systems, an orderly arrangement of actions to be taken,

25.	(Crittenden & Crittenden, 2008)	Identifies eight levers of strategy implementation	-	Who-what and when of cross-functional integration and organization collaboration, Craft implementation program, integrate program: roll up, present to board/senior management: ratification
26.	(Allio, 2005)	A practical guide to implementing strategy	Can't translate ideas into action	
27.	(Tawse et al., 2019)	The insight gained from the intersection between management (strategy implementation and change management) and psychology (self-regulation and nudges) Explore the relative importance between the quality of competitive strategy and the quality of the implementation of that strategy in the strategic management process	-	Develop implementation intentions
28.	(Wasilewski, 2020.)	Investigate whether organizational strategy implementation is effective given the alignment of certain strategic systems	-	-
29.	(Monteiro De Barros & Fischman, 2020)	A systematic literature review of strategy implementation in hospitality and tourism	-	Alignment of strategy and organizational design, alignment of strategy and initiatives
30.	(Aladag et al., 2020)	Provide an organizing framework to help firms develop profitable customer-level strategies across countries in the digital environment	-	-
31.	(Andrew Petersen et al., 2022)	Analysis of the degree of intrinsic alignment with the strategy as a source of business sustainability in the SMEs in Peru	-	Intrinsic Alignment (between operational, tactical, and strategic guidelines)
32.	(González-Díaz et al., 2021)	Determine the influence of leadership on organizational performance during strategy implementation in the Northern Cape-based public entities	-	Effective Leadership in the entity has a positive influence on the alignment
33.	(Gasela, 2021a)	Analyze the extent of misalignment or alignment between corporate and business-	Lack of capacity (HR and finance), lack of communication within the entities, lack of	-
34.	(Gasela, 2021c)			

		level strategy and the resulting impact on organizational performance in Northern Cape	impact assessment to assess the effectiveness of service delivery programs, some entities do not know or are not sure, duplication of key projects and functions, flexibility challenges	
35.	(Naresh Ramsumair, 2023)	To explore the development of a suitable strategy execution model for the public sector Answering the question: how does the middle-level sensemaking of other middle-level attitudes towards a new strategy affect the process of strategy implementation?	Structure, preparing the organization for strategy execution	-
36.	(Schuler et al., 2023)			-

The result showed 9 relationships between obstacles and key successes. All obstacles in the strategy alignment already have answers from the key successes in the source study. Afterward, the key success is analyzed and summarized for simplification, but the essence of the meaning was retained. The summarizing results produce 6 key success factors that are important in strategy alignment, namely vertical and horizontal coordination, clear operational action plans, communication and consensus on strategy, management leadership, clear structure, as well as system support.

The six key success factors are formed into a framework for visibility and contain cause-and-effect relationships. This framework used a simple thematic analysis, namely input, process, and output. The input consists of clear structure, management leadership, and system support and the process consists of communication and consensus on strategy, as well as on vertical and horizontal coordination. On the other hand, the output part is clear operational action plans.

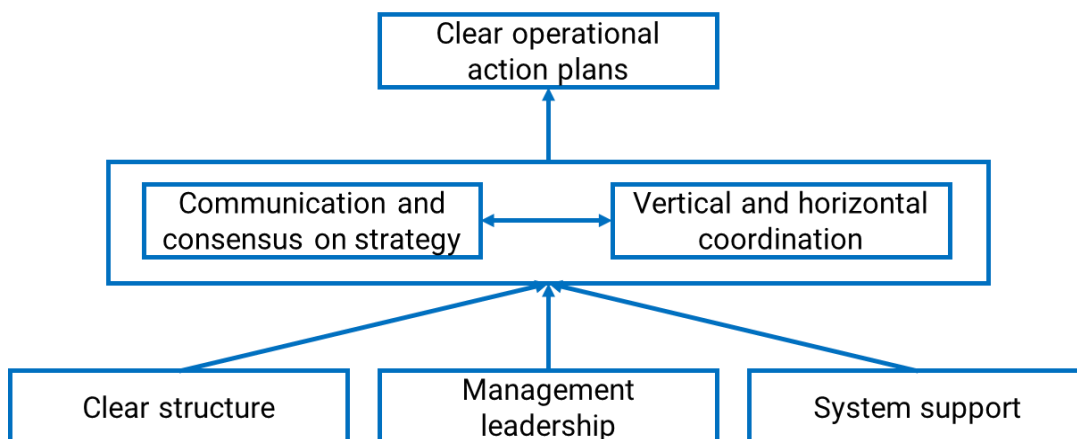
**Table 5: Relationship between obstacles and key success factors in strategy alignment and key success factors summarizing.**

No	Obstacle	Related	Key Success	Summarize
1	Lack of coordination (5)		Vertical and	Vertical and
2	Poor coordination across functions (18)		horizontal coordination (10)	horizontal coordination
3	Key implementation tasks not detail (5)		Subunit programs tasks (10,17,29),	Clear operational action plans
4	Unclear responsibility (22)		implementing	
5	Flexibility challenges (34)		deliberate	

		strategy :translate goals into action plans (13,26), operational planning(19), an orderly arrangement of actions to be taken (24), championing alternative (13), develop implementation intentions (27)	
10	Poor vertical communication (18)	Vertical and lateral interaction and communication (17,19,21,25), consensus on strategy (11,14,17,21)	
11	Communication barriers (20,34)	Commitment on strategy (11,14)	
6	Low commitment (7)	Collaborative on strategy (2,25), interaction between top management & employee (12), intrinsic alignment between operational, tactical and strategic guidelines (32)	Communication & consensus on strategy
7	Not align with individual goal (7)	Shared goal (2)	
8	Employee understand and agree with company's strategic plan (23)	Effective leadership (33)	Management leadership
13	Poor information sharing (22)	Clear structure (2,10,12,17,19,24,29)	Clear structure
9	Top down senior management style (18)	Alignment of process, work systems and information systems (24)	System support
12	Organizational structure barriers (20,22,35)		
14	Lack of HR and Finance capacity to support alignment (34)		
15	Not having guideline or a model to guide strategy implementation effort (22)		

This framework also acts as a checklist useful for ascertaining the readiness of the 6 factors to ensure the smooth running of the strategy alignment process. When one of these factors is missing, the strategy alignment does not go well, and it can cause the implementation to fail. Figure 3 shows the strategy alignment key success framework.

**Figure 3:** Strategy alignment key success factors framework



The 3 factors at the lowest level, namely clear structure, management leadership, and system support, are the foundation factors that must exist first. These factors are not interdependent and do not affect each other, indicating that others can function when one is missing. These factors serve as the primary foundation for the other two positioned above. Therefore, the absence of one would impede the effective operation or proper functioning of the factors. A discussion of the three factors at the lowest level, which are the foundation of this framework is presented below:

a. Clear structure.

Organizational structure is essential and the foundation of strategy alignment. It has two main functions, namely the primary support of the strategy and the conditions for the strategy alignment process (Monteiro et al., 2020). With a clear structure, the strategy that has been determined and the alignment process will be achieved. Several checklists need to be ensured for the fulfillment of this clear structure, namely:

- ✓ Does the structure follow the desired strategy?
- ✓ Has the structure been approved and communicated to all employees?

b. Management leadership.

Management leadership is defined as technical and soft skill competence. Technical skill competence is the capacity of the leader to technically function, and the ability to formulate strategic plans aligned with the organizational strategy. On the other hand, soft skill competence is the capacity of the leaders to convince and mobilize their team to achieve the work plan that has been agreed upon. A leader needs to improve in technical and soft skills to ensure the success of strategy alignment (Gasela, 2021a). Several checklists need to be ensured for the fulfillment of this management leadership, namely:

- 
- ✓ Does the technical ability of the leader at that level fit the competency needs of the position?
  - ✓ Are the soft skills competencies of leaders at that level able to mobilize their subordinates?

In a case where one of the checklists is not met, this management leadership factor will not be fulfilled.

c. System support.

The scope of system support is very broad and complex and can be in the form of business processes, as well as IT, reward, and management systems, and others. This support system is vital for successful companies (Brenes et al., 2008). The management system is more specific and relevant for this factor, and it is defined as a tool used to lower the strategy from the organizational level to the levels below. Many management system tools are currently used by various companies, including KPIs systems, Balanced Scorecards, 4DXs, and Objective and Key Results (OKR). The management system tool provides the organization with standard methods and policies that are collectively comprehensible, making the strategy alignment process possible. Several checklists need to be ensured to fulfill the management system, namely:

- ✓ Do all employees understand the management system tool that will be used?
- ✓ Is a PIC responsible for assisting each function using the management system tool?

In a case where one of these checklists is not met, the system support factor will not be fulfilled.

The three factors above should be present to ensure that the other two function well. The following two factors are communication and consensus on strategy and vertical and horizontal coordination. In addition to being influenced by the three factors below, these two factors also influence and need each other. For a strategy to be derived through vertical and horizontal coordination, effective communication and consensus on strategy are needed. Similarly, in the absence of communication or consensus on strategy, regardless of the frequency of coordination effort, it will end up in vain.

d. Communication and consensus on strategy.

Several studies distinguished between communication and consensus, but both are very closely related. Consensus is the sharing of understanding both within and between functions to achieve a joint commitment to an agreed strategy or activity

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(Noble, 1999). On the other hand, communication is a way to convey messages in discussions or debates to reach a consensus. More frequent communication will positively impact consensus (Rapert et al., n.d.). Several checklists need to be ensured for the fulfillment of communication and consensus, namely:

- ✓ Is there a facilitator in every meeting, both within and between functions, to ensure a conducive discussion?
- ✓ Is there good two-way communication in every meeting to create the same understanding and commitment?

In a case where one of these checklists is not met, the communication and consensus factor will not be fulfilled.

e. Vertical and horizontal coordination.

Vertical coordination implies lowering the strategy from the top to the level below. For example, within the organization structure, there exists a general manager level and a manager level below. In that case, vertical coordination is the coordination process to reduce the strategy owned by the general manager to the managers below. On the other hand, horizontal coordination is the process of coordination at the same level. For example, in a situation where the general manager oversees three managers, these managers must engage in coordination to harmonize interrelated action plans. Both types of coordination, vertical and horizontal, are essential for effective strategy implementation. Vertical coordination enables the downward flow of strategy from the top to the level below, but it is not sufficient. However, this approach may lead to the formation of silos, where each section is primarily concerned with its interests, consequently impeding the cooperation process between sections. In the event of exclusive reliance on horizontal coordination, the action plan of each part will not align with the strategy or target level above. In principle, this coordination allows everyone to create strategies or activities in their respective sections, which is an important condition for effective implementation (Hambrick & Cannella, 1987). Several checklists need to be ensured for the fulfillment of vertical and horizontal alignment, namely:

- ✓ Is there a detailed schedule that organizes meetings for each function (between superiors and subordinates) and between functions to discuss strategies or activities?
- ✓ Is there documentation of a mutually agreed strategy for one function or between functions?

In a case where one of these checklists is not fulfilled, the communication and consensus factor will not be fulfilled.



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After these two factors operate effectively, the clear operational action plan, which is the ultimate goal of this framework, is eligible to be fulfilled.

f. Clear operational action plan.

A clear operational action plan means that the large-scale and long-term strategy of the organization has been translated into a detailed action plan, aligned with the context of each function, and focused on the short term for the implementation of the strategy (Monteiro De Barros & Fischmann, 2020). This aspect is significantly important, ensuring that every employee in each section clearly understands their respective responsibilities, the designated timeline for completion, and the anticipated output. Several checklists need to be ensured for the fulfillment of this clear operational action, namely:

- ✓ Does each function have an action plan finalized with superiors and other related functions?
- ✓ Is the action plan following the standard management system tool used?

The ultimate goal of the strategy alignment process is to ensure that every part of every organization has an action plan aligned with its function, both vertically and horizontally, and is characterized by clarity. This can be achieved when the five factors below have been done by making sure all the checklists are fulfilled.

In conclusion, the two main categories in the strategy world are formulation and implementation. The results of previous studies have proven that strategy implementation was more challenging than strategy formulation. This study also showed factors influencing implementation failure that were not included in the strategy formulation or implementation categories. Therefore, it is important to introduce an intermediary category between the two factors, namely the strategy alignment category.

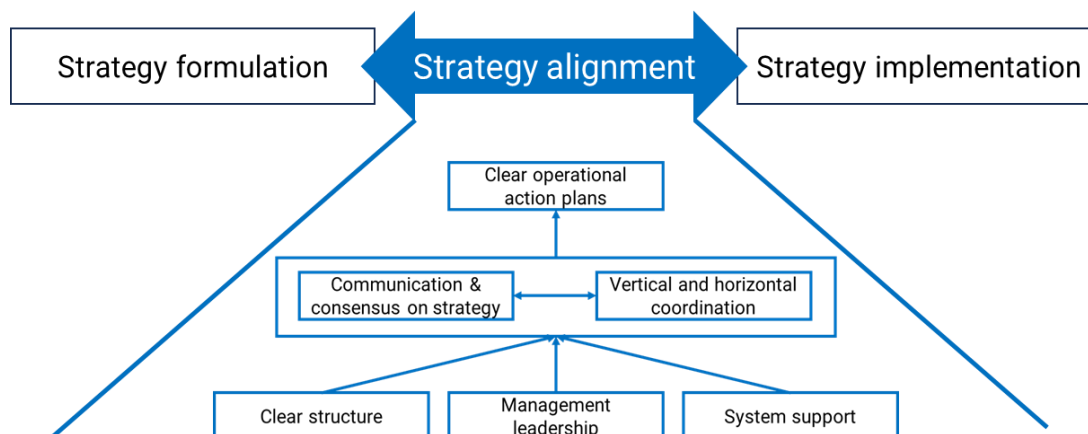
## Conclusion

The results of this study identified 6 key success factors that needed to be considered to ensure the effective operation of strategy alignment. Each factor was given a checklist of questions to ensure that each requirement was fulfilled.

The theoretical implication of this study was its provision of literature reference from 1980 to June 2023 regarding the barriers and success factors of strategy implementation. The most recent literature review on strategy implementation was in 2020. Therefore, this study serves as a valuable complement adding a new synthesized perspective. Within the scope of this study, an important additional category was proposed. This category, namely strategy alignment, which was yet to be extensively addressed played a significant role in successful implementation. The concept of strategy alignment deserved equal attention as formulation

and implementation. This is because, without strategy alignment, formulation will be useless, and implementation will not be effective. The following framework was a theoretical contribution:

**Figure 4:** Summary of Strategy alignment key success factors framework



The managerial implication of this study was to provide input to practitioners regarding the importance of the strategy alignment category. The factors needed to be considered for this strategy alignment to function effectively were explained. Guidance were also provided in the form of a ready-made checklist that can be used as an indicator of whether each factor of strategy alignment has been fulfilled correctly.

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