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**INVESTIGATING THE DETERMINANT  
FACTORS OF STRATEGIC ALIGNMENT  
BETWEEN BUSINESS STRATEGY AND  
INFORMATION SYSTEMS STRATEGY AND  
THEIR IMPACT ON BUSINESS PERFORMANCE  
- STUDY IN SRI LANKAN SERVICES SECTOR -**



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The Dissertation was submitted to the Department of Computer Science and Engineering of the University of Moratuwa in partial fulfilment of the requirement for the Degree of Master of Business Administration.

University of Moratuwa



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Department of Computer Science and Engineering

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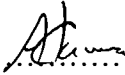
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December 2008

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## Declaration

I hereby declare that the documentation presented in this dissertation is my own work. It is being presented for the first time and no part of it has been submitted earlier or concurrently for any other degree.

..........

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## Abstract

Numerous surveys have highlighted importance of strategic alignment between business and information system strategies. Potential of information systems in supporting organizational activities and helping them to gain competitive advantage has been widely recognized by researchers and the business community. Practitioners were generally positive and rated information technology as the firm's top strategic tool. Previous research indicated that strategic alignment of business strategy and information system strategy has significant level of influence on business performance. Therefore the purpose of this study is to examine the impact of business strategy and information system strategy alignment on business performance in the Sri Lankan context. The study limits to service sector organizations. A sample of one hundred and sixty two organizations was selected for the study. A self administered questionnaire was used to collect information. Measurements were arrived at priory. Properties of the measurement were tested. Correlation and regression analysis were performed to analyze data and test hypotheses.

The research findings indicate that the strategic alignment of business strategy with information system strategy has a significant impact on business performance. The strategic alignment of business and information system strategies is mainly directly and indirectly influenced by organizational factors, people factors and process factors. The path analysis further illustrates that strategy and strategic alignment facilitate to achieve business performance.

**Keywords:** Information Systems, Business Strategy, Strategic Alignment, Business Performance.

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## **Abbreviation**

- ABSISS – Alignment of Business Strategy with Information System Strategy
- AFP – Alignment Facilitating Process
- AISSBS – Alignment of Information System Strategy with Business Strategy
- BP – Business Performance
- BS – Business Strategy
- CC – Clarity and Consistency
- COM – Communication
- CR – Company Reputation
- CS – Cost Strategy
- DS – Differentiation Strategy
- FAI – Firm Wide Active Involvement
- FP – Financial Performance
- FS – Focus Strategy
- IA – Information Accuracy
- ISCE – Information System for Cost Efficiency
- ISD – Information system for Differentiation
- ISF – Information System for Focus
- ISp – Information Speed
- ISS – Information System Strategy
- IT – Information Technology
- KAS – Knowledge Availability and Sharing
- LTF – Long Term Focus
- MG – Market Growth
- MOM – Meeting of the Mind
- MSC – Management Skills and Capability
- OC – Organizational Culture
- ORF – Organizational Factors
- OS – Organizational Structure
- PEF – People Related Factors
- PRF – Process Related Factors
- PSI – Product Service Innovation
- SA – Strategic Alignment
- SAF – Strategic Alignment Factors



## Table of Contents

	Page No
Chapter 01: Introduction.....	1
1.1 Research Problem.....	2
1.2 The Objectives.....	3
1.3 Significance of the Study .....	3
1.4 Scope of the Research .....	3
1.5 Chapter Outline .....	4
Chapter 02: Literature Review .....	5
2.1 Business Strategy .....	5
2.2 Information System Strategy.....	8
2.3 Strategic Alignment.....	9
2.4 Importance of Strategic Alignment .....	9
2.5 Strategic Alignment Models.....	10
2.6 Strategic Alignment Factors.....	11
2.7 Business Performance .....	13
2.8 Summary .....	14
Chapter 03: Methodology.....	15
3.1 Conceptual Framework and Hypothesis.....	15
3.1.1 Research Hypotheses .....	16
3.2 Research Design.....	17
3.2.1 Operationalizing of Variables.....	17
3.2.2 The Questionnaire.....	22
3.3 Sampling Design .....	22
3.4 Data Collection.....	23
3.5 Data Analysis .....	24
3.5.1 Checking Validity and Reliability .....	24
3.5.2 Descriptive Analysis.....	25

3.5.3	Statistical Analysis.....	25
3.6	Limitations.....	26
3.7	Summary .....	26
<b>Chapter 04: Data Analysis and Results .....</b>		<b>27</b>
4.1	Validity and Reliability .....	27
4.1.1	Validity of Measurement Scales.....	27
4.1.2	Reliability of Measurement Scales .....	34
4.2	Descriptive Analysis.....	36
4.2.1	Composition of the Sample .....	36
4.2.2	Descriptive Analysis of Concept and Construct Variables.....	40
4.3	Statistical Analysis .....	61
4.3.1	Correlation Analysis .....	61
4.3.2	Simple Regression Analysis .....	65
4.3.2	Multiple Regression Analysis.....	68
4.4	Summary.....	74
<b>Chapter 5: Discussion and Conclusion.....</b>		<b>75</b>
5.1	Effect of Business Strategy and IS strategy .....	75
5.2	Effect of Business Strategy and Information System Strategy on Strategic Alignment.....	76
5.3	Effect of Strategic Alignment Factors on Strategic Alignment.....	76
5.4	Relationship between Strategic Alignment and Business Performance.....	77
5.5	Conclusion and Further Research.....	78
<b>References .....</b>		<b>80</b>
<b>Appendix 01 – Questionnaire.....</b>		<b>83</b>



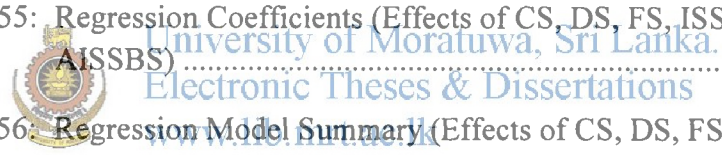
## List of Tables

	Page No
Table 3. 1: Statistics of the Research Population.....	23
Table 3. 2: The Selected Sample for the Questionnaire Survey .....	23
Table 4. 1: Cost Strategy (Correlations between Indicators).....	28
Table 4. 2: Differentiation Strategy (Correlations between Indicators) .....	28
Table 4. 3: Focus Strategy (Correlations between Indicators).....	28
Table 4. 4: IS for Cost Efficiency (Correlations between Indicators) .....	29
Table 4. 5: IS for Differentiation (Correlations between Indicators).....	29
Table 4. 6: IS for Focus (Correlations between Indicators).....	29
Table 4. 7: Alignment of the IS Strategy with the Business Strategy (Correlations between Indicators).....	29
Table 4. 8: Alignment of the Business Strategy with the IS Strategy (Correlations between Indicators).....	30
Table 4. 9: People Factors (Correlations between Indicators).....	30
Table 4. 10: Process Factors (Correlations between Indicators).....	30
Table 4. 11: Organizational Factors (Correlations between Indicators).....	31
Table 4. 12: Market Growth / Share (Correlations between indicators).....	31
Table 4. 13: Financial Performance (Correlations between indicators) .....	31
Table 4. 14: Product / Service Innovation (Correlations between indicators).....	32
Table 4. 15: Company Reputation (Correlations between indicators).....	32
Table 4. 16: Statistics for Construct Validity.....	33
Table 4. 17: Confirmatory Factor Component Loadings.....	34
Table 4. 18: Reliability Analysis of Measurement Scales .....	35
Table 4. 19: Representation of Industry.....	36
Table 4. 20: Representation of Designation.....	37
Table 4. 21: Representation of Involvement of Business Strategy Formation Process .....	37



Table 4. 22: Representation of Involvement of IS Strategy Formation Process.....	38
Table 4. 23: Representation of Total Capital Expenditure on IT.....	38
Table 4. 24: Representation of Importance of IT.....	39
Table 4. 25: Representation of Perceived Important of Strategic Alignment.....	39
Table 4. 26: Descriptive Statistics of Business Strategy Variables .....	40
Table 4. 27: Descriptive Statistics of IS strategy Variables.....	41
Table 4. 28: Descriptive Statistics of Strategic Alignment.....	42
Table 4. 29: Descriptive Statistics of Strategic Alignment Factors .....	43
Table 4. 30: Descriptive Statistics of Strategic Alignment Factors – Main Three Categories .....	44
Table 4. 31: Descriptive Statistics of Business Performance Variables .....	45
Table 4. 32: Descriptive Statistics of Complete Constructs .....	46
Table 4. 33: The Effect of Industry Sector .....	48
Table 4. 34: The Effect of Designation.....	50
Table 4. 35: The Effect of Capital Expenditure.....	52
Table 4. 36: Correlation between Indicators – Business Strategy and IS Strategy.....	61
Table 4. 37: Correlation between Indicators – Business Strategy and Strategic Alignment .....	62
Table 4. 38: Correlation between Indicators – IS Strategy and Strategic Alignment.	62
Table 4. 39: Correlation between Indicators – SA Factors and Strategic Alignment.	63
Table 4. 40: Correlation between Indicators -Business Performance and Strategic Alignment .....	63
Table 4. 41: Correlation between Indicators -Business Strategy, IS Strategy, Strategic Alignment and Strategic Alignment Factors .....	64
Table 4. 42: Simple Regression Analysis – ISS as Dependent Variable.....	65
Table 4. 43: Simple Regression Analysis - AISSBS as Dependent Variable.....	66
Table 4. 44: Simple Regression Analysis – ABSISS as Dependent Variable .....	67
Table 4. 45: Simple Regression Analysis – BP as Dependent Variable.....	67
Table 4. 46: Collinearity Statistics.....	68

Table 4. 47: Regression Model Summary (Effects of ‘Alignment of ISS with BS’ and ‘Alignment of BS with ISS’ on ‘Business Performance’)	68
Table 4. 48: Regression ANOVA (Effects of ‘Alignment of ISS with BS’ and ‘Alignment of BS with ISS’ on ‘Business Performance’ )	69
Table 4. 49: Regression Coefficients of Strategic Alignment Variables (Effects of Alignment of ISS with BS and Alignment of BS with ISS on Business Performance)	69
Table 4. 50: Regression Model Summary (Effects of CS, DS, and FS on ISS)	70
Table 4. 51: Regression ANOVA (Effects of CS, DS, and FS on ISS)	70
Table 4. 52: Regression Coefficients of Business Strategy Variables (Effects of CS, DS, FS on ISS)	70
Table 4. 53: Regression Model Summary (Effects of CS, DS, FS, ISS, and SAF on AISSBS)	71
Table 4. 54: Regression ANOVA (Effects of CS, DS, FS, ISS, and SAF on AISSBS)	71
Table 4. 55: Regression Coefficients (Effects of CS, DS, FS, ISS, and SAF on AISSBS)	71
Table 4. 56: Regression Model Summary (Effects of CS, DS, FS, ISS, and SAF on AISSBS)	72
Table 4. 57: Regression ANOVA (Effects of Strategic Alignment Factors on AISSBS)	72
Table 4. 58: Regression Coefficients (Effects of Strategic Alignment Factors on AISSBS)	72



## List of Figures

	Page No
Figure 3. 1: Conceptual Framework.....	15
Figure 4. 1: Representation of Industry.....	36
Figure 4. 2: Representation of Designation.....	37
Figure 4. 3: Business Strategy Formation Involvement.....	37
Figure 4. 4: IS Strategy Formation Involvement.....	38
Figure 4. 5: Capital Expenditure on IT .....	38
Figure 4. 6: Importance of IT .....	39
Figure 4. 7: Perceived Important of Strategic Alignment .....	39
Figure 4. 8: CI Graph of Means of Business Strategy .....	41
Figure 4. 9: CI Graph of Means of IS strategy.....	42
Figure 4. 10: CI Graph of Strategic Alignment .....	43
Figure 4. 11: CI Graph of Strategic Alignment Factors.....	44
Figure 4. 12: CI Graph of Strategic Alignment Factors – Main Groups .....	45
Figure 4. 13: CI Graph of Means of Business Performance .....	46
Figure 4. 14: CI Graph of Means of Complete Construct.....	47
Figure 4. 15: CIs of Research Construct Average Levels by Industry .....	49
Figure 4. 16: CIs of Research Construct Average Levels by Designation .....	51
Figure 4. 17: CIs of Research Construct Average Levels by Total Capital Investment on IT.....	53
Figure 4. 18: Relationships between Business Strategy Variables .....	54
Figure 4. 19: Relationships between IS strategy Variables .....	55
Figure 4. 20: Relationships between Strategic Alignment Variables .....	55
Figure 4. 21: Relationships between Strategic Alignment Factors Variables.....	56
Figure 4. 22: Relationships between Business Performance Variables .....	56
Figure 4. 23: Relationships between Research Constructs .....	57
Figure 4. 24: Normal Probability Plots of Business Strategy Variables.....	58

Figure 4. 25: Normal Probability Plots of IS strategy Variables .....	58
Figure 4. 26: Normal Probability Plots of Strategic Alignment Variables .....	59
Figure 4. 27: Normal Probability Plots of Strategic Alignment Factors Variables .....	59
Figure 4. 28: Normal Probability Plots of Business Performance Variables.....	60
Figure 4. 29: Detail Path Analysis among Concept Variables.....	73



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