Addis Ababa University
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MBL

The Impacts of Businsess – IT Strategic Alignment on Organizational Performance: the case of Ethiopian Insurance Corporation

A Project Submitted to the Addis Ababa University, School of Commerce for Partial Fulfillment of the Requirements for the Degree of Master of Business Leadership

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Statement of Declaration

I, the undersigned, hereby declare that this project work entitled: *"The Impacts of Businsess – IT Strategic Alignment on Organizational Performance: the case of Ethiopian Insurance Corporation"* is my original work, except for citations which are acknowledged properly. I also declare that it had not been presented for any educational qualification in AAU or any other institution.

Megbaru Abera (Researcher): _____ _____

Signature **Date**

Statement of Certification

This is to certify that the study which is being presented entitled: "*The Impacts of Businsess – IT Strategic Alignment on Organizational Performance: the case of Ethiopian Insurance Corporation*" was undertaken by Megbaru Abera for the partial fulfilment of MA Degree in Business Leadership at Addis Ababa University School of Commerce, is to the best of my knowledge an original work conducted by him, and had not been submitted earlier to this or any other institute. Now, it is submitted for examination with my approval.

Mahir Jebril (PhD.) _____ _____

Advisor **Signature** **Date**

Statement of Approval

This is to certify that the study presented by Megbaru Abera entitled: *"The Impacts of Businsess – IT Strategic Alignment on Organizational Performance: the case of Ethiopian Insurance Corporation"* was submitted for the partial fulfilment of MA Degree in Business Leadership at Addis Ababa University School of Commerce, complies with the university regulations and meets accepted standards with respect to quality.

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Acronyms

BSC: Balanced Score Card

CEO: Chief Executive Officer

DCEO: Deputy Chief Executive Officer

EE: Effort Expectancy

EIC: Ethiopian Insurance Corporation

ICT: Information Communication Technology

IS: Information Systems

IT: Information Technology

ICT: Information Communications Technology

PE: Performance Expectation

PEOA: Perceived Ease of Use

PU: Perceived Usefulness

SAM: Strategic Alignment Model

SAMM: Strategic Alignment Maturity Model

SW: Software

TAM: Technology Acceptance Model

TBL: Triple Bottom Line

US: United States

USD: US Dollar

Abstract

Today, Information Technology (IT) has become an essential element in solving various strategic issues, and organizations increasingly rely on it to enhance their performance. However, to fully leverage the available technology, it is crucial to align IT strategies with business strategies. Prior research has suggested a positive correlation between strategic planning, IT, and improved organizational performance. Despite the numerous attempts to apply concepts such as strategic alignment, there are limited empirical findings on the overall effectiveness and usefulness of this approach. This study aims to investigate the impact of strategic alignment between business and IT on the performance of Ethiopian Insurance Corporation and the factors that affect this alignment. The conceptual model developed was based on prior research in strategic alignment, organizational performance, Information Systems (IS) success, and IT acceptance. Previous research mainly focused on developing models and frameworks and examining them in a suitable context or exploring the relationships between the variables. However, there is a need for further investigation on the impact of strategic alignment on organizational performance. This study expands the knowledge in this field by examining the impact of strategic alignment on the performance of Ethiopian Insurance Corporation using a quantitative approach. A web survey was sent to 159 managements of EIC, and data was collected using a web-based questionnaire from a sample of 112 participants, including IT and non-IT business units. The results of this study indicate a positive impact of strategic alignment on the performance of Ethiopian Insurance Corporation. Additionally, IT acceptance and prior IS success significantly influence the strategic alignment in Ethiopian Insurance Corporation. Finally it may prove advantageous for upcoming studies to conduct a longitudinal analysis over multiple years, exploring various time frames and would be fascinating to observe how the incorporation of a qualitative case study or mixed methods approach in a similar situation influences the outcomes.

Key words: *Strategic alignment, organizational performance, prior IS success and IT acceptance.*

Chapter One: Introduction

1.1. Background of the Study

In the present-day environment of fierce competition, it is crucial for an entity to possess a well-articulated collection of objectives and a thoroughly elaborated strategy crafted to attain them (Papulova and Papulova, 2006). The organizational strategy constitutes an essential element for achieving success and sustainability in any firm. According to Chandler (1962), strategy encompasses the identification of long-term goals and objectives for an enterprise, as well as the selection of appropriate courses of action and allocation of resources to achieve them. This approach facilitates a firm's comprehension of its operations by determining their nature, domain, and scope, and leveraging them to compete effectively in the market. In addition, it is crucial to acknowledge that strategy extends beyond the confines of the business realm. It can be applied to other organizational departments and functions, such as information technology (IT). The IT department has evolved into a pivotal component of an organization by providing support for its IT infrastructure (Chan and Reich, 2007). The intricate nature of IT renders it challenging to articulate its value on a financial statement, as evidenced by Irani (2002), Luftman and Derkson (2012). According to Xue et al. (2012), organizational efficacy can be attained by directing focus towards either cost efficiency or innovation through IT, but not both simultaneously. Similar to strategic business planning, IT planning can aid organizations in creatively adopting IT in various ways such as rationalizing investments, controlling expenditures, safeguarding existing IT investments, reconciling conflicting demands for limited IT resources, securing joint IT management and user commitment, and circumventing ad-hoc ICT projects (Martinez and Williams, 2010).

As a result, it is imperative to develop IT strategies that embody the overarching direction towards achieving a specific business objective. In the current dynamic and demanding business setting, the advancement of a corporation in the competitive market is not solely dependent on its individual business and IT strategies. The integration of these strategies is crucial to attain success. This integration, commonly termed as strategic alignment, constitutes the foundation of this project. Strategic alignment has been a key focus of managers owing to its favorable impact on firm performance (Nadali et al., 2011). This notion is deemed critical in comprehending how organizational performance can be augmented by supporting business strategy with other organizational strategies. A considerable amount of effort has been devoted towards defining, measuring, and examining the antecedents and outcomes of the alignment between business and IT strategies,

commonly known as strategic IT alignment, in order to ascertain whether it leads to superior organizational performance (Kearns and Sabherwal, 2007). However, there still exists uncertainty surrounding the implications, essence, and attributes of alignment, as well as the approaches to linkage and integration. This persistent ambiguity poses a significant challenge for organizations, as highlighted by Luftman and Ben-Zvi, (2011). Despite the extensive research conducted in this domain, the factors that influence business-IT alignment, particularly those that pertain to the organizational culture and nature, have not been adequately explored (Farrell, 2003).

This study seeks to examine whether strategic alignment has a positive impact on organizational performance. Organizational performance, which refers to the extent to which an organization's actual output or outcome aligns with its intended output or goal, is measured across three key areas: financial performance, product market performance, and shareholder's return (Richard et al., 2009). This study endeavors to address the identified gap in the literature by examining the factors that influence the strategic alignment of business and IT. Furthermore, it aims to present the findings for further exploration of the implications of this alignment on organizational performance.

The proposed contribution is intended to enable both researchers and managers to effectively identify the various factors that impact alignment, thereby leading to significant improvements in alignment levels. The present study thus represents a valuable practical application of the Strategic Alignment Model (SAM), which can be utilized by businesses to better manage alignment-related factors and optimize overall organizational performance. Furthermore, this research provides a foundation for future studies in this area.

1.2. Background of the Company

The Ethiopian Insurance Corporation (EIC) is a state owned insurance company that was established in 1976 through proclamation No.68/1975. Its founding involved taking over the assets and liabilities of thirteen nationalized private insurance companies, and with a paid-up capital of Birr 11 million or USD 1.29 million, EIC aimed to offer insurance services throughout Ethiopia. For nineteen years, the corporation operated as a state-owned sole insurer, until a fundamental change took place in mid-1991 when the totalitarian regime was replaced by a “liberal” one. Consequently, EIC was re-established as a public company under proclamation number 201/94, with a paid-up capital of Birr 61 million or USD 7.13 million, and new objectives to engage in the business of rendering insurance services and participate

in related activities. Currently, EIC's vision is to become a world-class insurer by 2025, with a mission to provide its customers with efficient and reliable insurance services. EIC values, including customer focus, excellence, pro-activeness, transparency, teamwork, professionalism, and learning, guide strategic objectives such as increasing stakeholders' value, profitability, and market leadership, while reducing costs and improving accessibility, risk management, innovation, organizational development, and ICT (EIC, Company Profile, 2021).

In recent years, EIC has faced a challenge from its competitors which affects its organizational performance, including revenue and market share. To address these challenges, EIC has implemented various strategic initiatives aimed at improving its performance and competitiveness.

One of the key factors that can influence the success of these strategic initiatives is strategic alignment, which refers the process of ensuring that an organization's goals, objectives, and strategies are aligned with its resources, capabilities, and external environment. It involves aligning the organization's vision, mission, and values with its business strategy, structure, and processes

Despite the significance of strategic alignment in achieving organizational objectives, many companies struggle to achieve optimal performance due to poor strategic alignment practices. This study aims to investigate the extent of strategic alignment within organizations and examine how misalignment affects their overall performance.

By addressing this problem, the study aims to provide insights into the importance of strategic alignment in enhancing organizational performance, and to identify any factors that may be hindering the effectiveness of EIC's strategic initiatives. This information can be used to make recommendations to EIC and other organizations on how to improve their strategic alignment and performance.

1.3. Statement of the Problem

Since the 1950s, there have been significant trends and advancements within the business and organizational sectors, impacting both market and non-market environments. These changes have subsequently affected the capacity of organizations to effectively manage their environments (Baron, 2006). One such development is the rise of information technology,

which can be viewed as either an opportunity or a hindrance for organizations. As a result, organizations must adapt to these trends in order to optimize their potential benefits.

Recent research has underscored the significance of strategic management and its beneficial influence on organizational performance. This is due to the fact that strategy revolves around the coordination and synchronization of organizational resources with environmental threats and opportunities (Ketchen and Donald, 2019).

Organizations are urged to coordinate their information technology strategies with their business strategies in order to capitalize on the opportunities presented by IT, given that IT is deemed as one of the fundamental resources of any organization.

According to Doe and Smith (2021), in light of ongoing economic reforms in developing countries, organizations both private and public must prioritize customer service in order to remain compliant with reform mandates and achieve desired financial outcomes. Decision makers in developing countries often require strategic planning and IT strategic planning to enhance the performance of their organizations, fulfill the demands of citizens, and elevate service levels.

When implementing information technology, organizations are expected to adopt strategic approaches in order to determine and effectively utilize technology as either an enabler or a driver to achieve organizational goals and objectives. Consequently, it is recommended that the chosen IT strategy be aligned with the overall business strategy to enhance organizational performance, especially in instances where organizations or stakeholders fail to realize returns on IT investments in a business context.

Whilst the empirical findings pertaining to the research question, namely whether strategic alignment enhances organizational performance, remain largely inconsistent (Walter et al., 2013), a number of studies have been supportive and have found a positive and significant link between alignment and performance (Bao et al., 2008; Colbert et al., 2008). In contrast, others have only been partially supportive (Knight et al., 1999; Walter et al., 2013). For instance, Chae et al. (2014), was unable to establish any significant link between a firm's ability to assemble, integrate and deploy IT-based resources and financial performance. Nonetheless, their study suggests that further research is needed in order to replicate the findings across different contexts, gain a better understanding of the potential advantages in different types of organizations, and identify the variables that can affect the relationship

between a firm's ability to assemble, integrate and deploy IT-based resources and performance.

The inconclusive outcomes observed in several investigations have prompted the need for additional empirical inquiry into the relation between strategic alignment and organizational performance, an objective that has also been established for the present study.

1.4. Research Objectives

In an attempt to enhance our comprehension of strategic alignment, this study has established the scope of the following objectives.

1.4.1 General Objectives

This research project aims to examine the impact of strategic alignment between business and IT on organizational performance of Ethiopian Insurance Corporation and describes factors affecting this alignment.

1.4.2 Specific Objectives

- Identifying factors which could impact the attainment of strategic business - IT alignment in Ethiopian Insurance Corporation
- Assessing the impact of strategic alignment on organization performance in Ethiopian Insurance Corporation

1.5. Research Questions and Hypothesis

1.5.1 Research Questions

The current study provides research inquiries that are more specific in their operationalization and fulfillment of the research objective in an effort to reduce the aforementioned gaps in previous research. In this study, the following research questions are addressed:

Q.1 What factors could impact the attainment of strategic business - IT alignment in Ethiopian Insurance Corporation?

Q.2 Does strategic alignment affect organizational performance in Ethiopian Insurance Corporation?

1.5.2 Research Hypothesis

To examine the impact of prior IS success on the attainment of strategic alignment in Ethiopian Insurance Corporation, the first hypothesis is:

H1: Prior IS success positively influences strategic alignment.

In order to comprehend how the maturity of the strategic alignment between business and IT influences the business's attitude towards IT at Ethiopian Insurance Corporation, the second hypothesis is:

H2: IT Acceptance positively influences strategic alignment.

To assess how strategic alignment affects organizational performance in Ethiopian Insurance Corporation, the third hypothesis is:

H3: Strategic alignment positively impact organizational performance in Ethiopian Insurance Corporation.

1.6. Significance of the Research

Other than strategic alignment (Henderson and Venkatraman, 1993), the literature identified fit (Porter, 1996), integration (Weill and Broadbent, 1998), harmony (Chen et al., 1996; Luftman, 1997), and linkage (Reich and Benbasat, 1996) as the other types of alignment of business and IT. No matter the terminology employed, and given that the idea was first developed from the theory of contingency, it is typically the integration of related strategies that is tied to the organizational elements that will ultimately have an impact on performance (Luftman, 2014). This also serves as the study's fundamental premise.

Since improved organizational performance is a result of elements fitting together, this idea has arisen, paving the path for leaders to align business and IT strategies. Due to the fact that alignment improves both organizational capacities and overall performance, it is regarded as one of the top five most frequently discussed subjects (Luftman, 2014).

Although the connection between strategic alignment and organizational performance has long been acknowledged as an intriguing topic for researchers and managers in business organizations and, to a lesser extent, across developing countries, particularly in Ethiopia, empirical studies still need to pay more attention to this relationship. It is crucial to influence people's passive views and behaviors towards technology, much as it is when embracing IT and strategically integrating it with the business (Praisi, 2013).

In view of the high expenses involved with planning, maintaining, and staying current with IT techniques and trends, Praisi (2013), emphasized the need of adopting an efficient training program while progressively shifting the old process to IT.

As a result, the study's context will help readers comprehend the connection between organizational performance and strategy alignment better in Ethiopian Insurance Corporation. For both researchers and managers, it will also have important ramifications for strategy alignment and the factors driving this alignment.

1.7. Scope of the Study

The study focused on both theoretical and practical aspects of strategic alignment and organizational performance, and will draw on relevant literature to provide comprehensive analysis of the topic.

- The concept of strategic alignment - it involved a detailed explanation of what strategic alignment is, models, its importance and how it can be achieved.
- The concept of organizational performance – it covered a concept of organizational performance and the scales to measure it balanced

The study was limited to Ethiopian Insurance Corporation and didn't cover all possible factors that can affect strategic alignment and organizational performance. Specifically, the study has focused on examining the strategic alignment practices of EIC, with a particular emphasis on the alignment of its business strategy and IT strategy. The research utilized quantitative research methods to analyze the impact of strategic alignment on EIC's performance. It is important to note that the study was limited to EIC and may not be generalizable to other companies in Ethiopia or other countries. However, the findings of the study would provide valuable insights into the strategic alignment practices of EIC and offer recommendations for improving organizational performance for similar companies in Ethiopia.

1.8. Limitations of the Study

Results derived from the Ethiopian Insurance Corporation have the potential to be applicable to other comparable organizations within Ethiopia, although it is not to be considered a universally generalized discovery. Research focusing on strategic alignment is still in its early stages and thus, it is critical to acknowledge certain limitations. Firstly, this study relied solely on quantitative data collection methods, and future studies should incorporate qualitative elements, such as interviews. Finally, measuring prior IS success through only one

dimension of the instrument, namely organizational impact, has the potential to affect strategic alignment. Therefore, future research should explore the influence of prior IS success from various angles to enhance the explanatory power of research findings.

1.9. Definition of Key Terms

In order to clarify the precise context and meanings of a number of specific terms that are used often in this study, the literature definitions are listed in this section. The following is a list of the terminology used in this study.

- **Strategy** refers to the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill stakeholder expectations (Johnson, Scholes, & Whittington, 2008, p.9). It can also be viewed the creation of a unique and valuable position, involving a different set of activities. (Porter, 1996, p. 11)
- **Alignment or fit** can be described as the degree to which the needs, demands, goals, objectives, and/or structures of one component are in line with those of another component. (Nadler and Tushman, 1980, p.45).
- **Strategic Alignment:** is how much the business mission, objectives, and plans support and are supported by the IT purpose, objectives, and plans (Reich and Benbasat, 1996, p.56).
- **Contingency theory** supposes that many approaches may be successful depending on the situation (Matyusz, 2010, p.13).

1.10. Organization of the Study

This study is structured as follows: Chapter 1 presents the study by describing the context of the subject, its importance, and the scope of the research questions and objectives. Chapter 2 reviews the literature on the topics of strategic alignment, business strategies, IT strategies, and organizational performance, along with the factors affecting strategic alignment, antecedents of strategic alignment, and how they relate to organizational performance. It also sets out the hypotheses developed for this research based on the reviewed literature. Chapter 3 explains the methodology, focusing on the study's instruments, measurements, and sample. Chapter 3 also discusses the procedures and methods used for data collecting and analysis. A description of the study's context is also included. The data analysis and results are discussed

in Chapter 4. In Chapter 5, the conclusion and recommendations along with suggestions for further research.

Chapter Two- Related Literature Review

2.1 Introduction

The objective of this study is to examine the possible influence of strategic alignment on organizational performance. Additionally, this research intends to explore the determinants that can affect strategic alignment and subsequently construct a conceptual model based on it. This chapter provides an overview of strategic alignment by discussing relevant and recent research in the field of strategic alignment between business and Information Technology (IT). Moreover, it presents the theoretical basis of this research. The chapter is composed of various sections, with section 2.2 elaborating on the concept of strategic alignment, section 2.3 reviewing some models/tools of strategic alignment, section 2.4 presenting factors that may impact strategic alignment, section 2.5 discussing organizational performance, including frameworks for measuring it. Furthermore, section 2.6 delves into prior research regarding the impact of strategic alignment on performance, and section 2.7 provide the conceptual framework.

2.2 The Concept of Strategic Alignment

In recent decades, the concept of strategic alignment has emerged and garnered significant attention from scholars, consultants, and practitioners. Despite its clear definition and widespread interest, this concept remains in its infant stages and appears to lack both a theoretical basis and practical validation. (Kianto et al., 2019; Luftman, 2014).

Henderson and Venkatraman (1993, p. 474) introduced the notion of strategic alignment, which they define as "The degree of fit and integration among business strategy, IT strategy, business infrastructure, and IT infrastructure." This concept entails a harmonious synchronization of the aforementioned entities. According to Kianto et al., (2019), strategic alignment refers to the degree to which an organization's strategy, structure, processes, people, and culture are consistent with each other and with the external environment, and are integrated to achieve the organization's goals and objectives.

From the aforementioned diverse definition of strategic alignment, it is readily apparent that there exists a lack of unanimity regarding its conceptualization. Despite the significance of achieving strategic alignment, there has been a lack of consensus regarding the subject matter, leading to extensive debate among scholars. As a result, strategic alignment has been the focus of diverse interpretations and explanations, with scholars and practitioners alike

endeavoring to define it through various models, as discussed in subsequent sections by Hackney et al. (2000), and Vargas et al. (2010).

The Strategic Alignment Model (SAM), introduced by Henderson and Venkatraman in 1993, has received considerable attention and is highly referenced. Its theoretical and practical contributions have led to significant empirical validation over the years (Avison *et al.*, 2004, Vargas *et al*., 2010, Al-Surmi et al., 2021). The scope of research has been broadened with the introduction of various control factors into the Strategic Alignment Model (SAM), including but not limited to shared domain knowledge, a history of successful IT implementation, and external IT expertise. These control factors have been examined in diverse situations, such as different countries and time periods, as well as under various subjects, ranging from surveys of IT and business executives to small business units, manufacturing firms, and academic institutions. Therefore, it is of great significance to explicate the Strategic Alignment Model (SAM) as it is regarded as the fundamental archetype of strategic alignment and, consequently, the cornerstone of this research. Section 2.3 offers a comprehensive examination of SAM in conjunction with other models, such as the Generic Framework and Strategic Alignment Maturity Model (SAMM), which purportedly have contributed to the comprehension of strategic alignment across diverse organizations.

2.3 Review of Strategic Alignment Models

SAM and SAMM have served as fundamental models in numerous instances. This section offers a rigorous interpretation of SAM and SAMM to discern the gap, factors that have not been utilized in these two models yet have been deemed significant in other research endeavors, and thus bridging the gap by expanding SAM with the most influential factors in the present model.

2.3.1 Strategic Alignment Model (SAM)

Strategic Alignment Model (1989) defines strategic choice as consisting of four domains, namely business strategy, IT strategy, organizational infrastructure, and processes (Figure 2.1). Business strategy and IT strategy are recognized as external levels, while the remaining two are recognized as internal levels. Each domain comprises three components: scope, competencies, and governance at the external level, and infrastructure, skills, and process at the internal level. The model is grounded on two fundamental characteristics of strategic

management: strategic fit, which links external and internal domains, and functional integration, which links business and technology domains (Gutierrez et al., 2009).

The Strategic Alignment Model (SAM) addresses the alignment between business and IT strategies at a strategic level. In this context, it is acknowledged as a driver. However, when addressing the alignment of business processes, organization, IT infrastructure, and organization at the operational level, it is referred to as an enabler. Additionally, the SAM's dynamic nature enables it to identify cross-domain relationships, as noted by Henderson and Venkatraman (1993).

Figure 2.1: Strategic Alignment Model (Henderson & Venkatraman, 1989).

The initial two inter-domain connections manifest when business strategy assumes the role of the primary driver. The perspective adopted in this instance is commonly referred to as 'strategy execution', which is considered to be the most prevalent alignment perspective as it mirrors the conventional perception of strategic management that regards business strategy as the driving force that steers both the organizational structure and IT infrastructure. The second perspective, which is referred to as 'technology transformation', involves an assessment of the implementation of chosen business strategy by engaging IT strategy, infrastructure, and processes.

The consideration of IT as an enabler of an enhanced business strategy gives rise to two additional perspectives. The first perspective, known as the 'competitive potential', is linked to the new capabilities of IT, which exert a significant influence on strategy and strategy execution, thereby creating new connections with an organization's valuable resources. The second perspective is referred to as the 'service level', which aims to meet the IT customers'

requirements and establishes the indirect role of the business strategy by setting directions to stimulate customer demands. This alignment ensures the effective use of IT in organizations.

Henderson and Venkatraman (1989), posited that a mere convergence of strategic and functional integration is inadequate to achieve effective organizational alignment. Instead, they investigated the correlation between infrastructure, processes, structure and people in terms of process, structure, and people, rather than at an abstract level of endeavoring to associate internal architectures to strategic objectives. As such, they deduced that strategic alignment at an organizational level can only emerge when three of the four corporate domains are in alignment. The underlying truth is that change cannot transpire in one domain without affecting at least two of the remaining three domains in some way (Avison et al., 2004).

2.3.2 Inhibitors and Enablers of Strategic Alignment

Luftman (2000), stated that the attainment of strategic alignment can be accomplished through the appropriate and timely utilization of IT in accordance with business strategies, goals, and needs. It has been revealed through research that several organizations have failed to fully leverage the potential of IT for their long-term advantage due to two major issues: inhibitors and enablers, which must be minimized and maximized, respectively, to effectively align IT with businesses. A total of 1051 executives from diverse industries in the US were surveyed to identify the key enablers and inhibitors to strategic alignment, and the top six of these factors are presented in Table 2.1.

Table 2.1: Inhibitors and Enablers of Business-IT Alignment (Luftman, 2000)

Enablers of Business IT Strategies Alignment	Inhibitors of Business IT Strategies Alignment
✓ Senior executive support for IT	✓ **Senior executives do not support IT**
✓ IT involved in strtategy development	✓ **IT/business lack close relationships**
✓ It understands the business	✓ **IT does not understand business**
✓ Business – IT partnership	✓ **IT fails to meet commitments**
✓ Well prioritized IT projetcs	✓ **IT does not prioritise well**
✓ IT demonstrates leadership	✓ **IT management lacks leadership**

Alignment between the business and IT is contingent upon the minimization of inhibitors and maximization of enablers. To attain this objective, a six-step approach has been devised as follows (Alshawi et al., 2021):

1. The setting of goals and formation of a team.

2. Comprehension of the relationship between business and IT
3. Analysis and prioritization of gaps
4. The specification of actions through project management
5. The selection and evaluation of success criteria
6. The sustainability of alignment

2.3.3 Strategic Alignment Maturity Model (SAMM)

The Strategic Alignment Maturity Model is an instrument that can be employed to evaluate alignment maturity. According to SAMM, IT-Business alignment can be assessed in six maturity domains. Additionally, it delineates a number of exemplary attributes for each domain that are germane to the measurement. SAMM recommends the following domains to gauge organizational maturity: Communication, Competency/Value measurement, Governance, Partnership, Scope and architecture; and Skill.

This maturity model categorises the degree of business and IT alignment into five stages for each of these domains: 1) Initial / Ad hoc process; 2) Committed process; 3) Established / Focused process; 4) Improved / Managed process; 5) Optimized process.

Luftman has devised a model for assessing maturity that is predicated on the 12 elements of Business/IT-Alignment. These elements are visible in the Henderson and Venkatraman model. The strategic alignment maturity assessment method has been constructed on the basis of the aforementioned model, which is augmented by the earlier research on enablers and inhibitors, as presented by Luftman and Brier (1999). Luftman (2000), forms an integral part of the aforementioned model and is a key component of the maturity assessment framework.

The current model is applicable in conducting a survey to determine the level of maturity of a company. Once the level of maturity is comprehended, it can provide a roadmap to the organization, which will highlight the opportunities for augmenting the harmonious association between the business and IT (Luftman, 2000). The model comprises of six alignment areas (Refer to Figure 2.2). Each area encompasses various attributes. Every area has explicitly defined maturity levels. It is crucial to pay heed to all the areas for the advancement of alignment between business and IT.

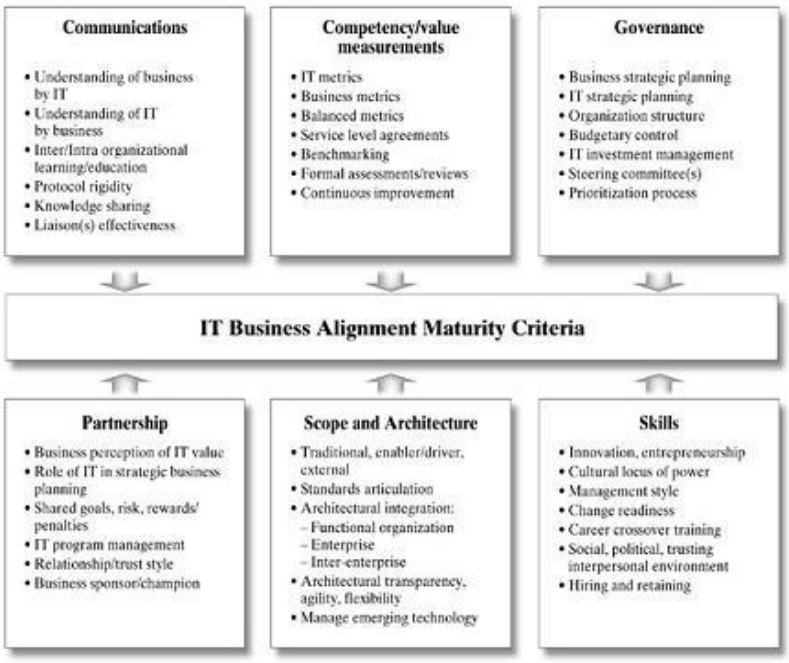

Figure 2.2 Strategic Alignment Maturity Model alignment maturity criteria (Luftman, 2000).

The level of maturity in alignment within an organization is ascertained by the management practices and strategic IT decisions that are implemented, taking into account the six alignment maturity factors mentioned above. The lowest level of maturity is represented by level one, while the highest level of maturity is represented by level five. The five alignment maturity levels, are explained upon below.

Level 1: The initial or ad hoc process reveals a lack of alignment or harmonization between the business and ICT.

Level 2: The organization has committed to achieving alignment, indicating a more committed process.

Level 3: The strategic alignment maturity of the established focused process is cantered on business objectives. This involves a multitude of established processes, such as a systems steering committee, and activities, including portfolio management capabilities that evaluate IT investments, to realize strategic alignment.

Level 4: The ICT department has been reinforced as a value centre, leading to ICT applications being leveraged across the enterprise. These applications drive process enhancements that sustain competitive advantage, resulting in an improved or managed process.

Level 5: The organization has achieved an optimized process through the integration of both business and ICT strategic planning.

2.4 Factors Influencing *Strategic Alignment*

The achievement and maintenance of strategic alignment within an organization is a complex and fundamental endeavor, as stated by Silvius (2009), given its potential for enabling organizations to strategically adopt IT in order to achieve their business goals. Scholars such as Naryan and Awashti (2014), have concurred that the process of achieving strategic alignment requires a comprehensive understanding of the various factors that could potentially impact it. Accordingly, Gutierrez and Lycett (2011), have conducted a study on the proposed factors, either confirming or refuting their positive relationship with strategic alignment. It is evident from the data presented in Table 2.2 that only a limited number of factors have been deemed significant by numerous studies.

Table 2.2: Significant Factors of Strategic Alignment in Prior Research

Factor Found Significant	Researcher(s)
Leadership commitment	Kianto et al., 2019
Top management backing	Fattah & Arman (2014)
Strategic capability	Alshawi et al 2021
Intention and Support	Trienekens, Kusters & Cuenca (2014)
IT Projects and Planning	Trienekens, Kusters & Cuenca (2014)
Improved organization	Orozco, Tarhini & Tarhini (2015)
IT strategic planning	Luftman et al. (2012)
Level of knowledge	Ismail & King (2014)
Level of CEO's software	Hussain, King & Cragg (2002)
Knowledge management	Kearns & Sabherwal (2007)
Level of proficiency	Ismail & King (2014)
IT Performance	Trienekens, Kusters & Cuenca (2014)
Organizational culture	Fattah & Arman (2014)
Misalignment between strategies	Balhareth, Liu & Alsoud (2013)
IT Governance	Orozco, Tarhini & Tarhini (2015)
Effective communication	Chen et al., 2020

While only one study found significance in each of the other factors, there remains potential to classify these factors according to their coherence, indicating that while they are not identical, they share similarities in nature. Specifically, certain researchers were intrigued by examining the impact of support from top management or executives on strategic alignment. Three distinct studies, as cited, have identified that senior executive support, top management support, and intention and support have a significant impact on strategic alignment. The domain of planning encompasses a range of factors, including IT projects and planning, as well as IT strategic planning. The level of planning sophistication has been determined to be

a significant factor according to each individual study. Similarly, the investigation of the impact of coordination or communication on strategic alignment has been explored from various perspectives. One such perspective includes the examination of improved communication between business and IT executives. Evidence cited in individual studies suggests that this can significantly influence strategic alignment. The influential role of knowledge and expertise has been widely acknowledged in the context of strategic alignment. Thus, factors pertaining to knowledge, such as the level of knowledge possessed, the extent of CEO software knowledge, and the implementation of knowledge management and centralization of IT, have been found to be of significant value in the studies cited. Also, the study discovered that IT proficiency and the degree of proficiency exerted a substantial influence on strategic alignment. Moreover, flexibility, encompassing IT flexibility and IT infrastructure flexibility, was found to be a critical factor in affecting strategic alignment. The majority of studies pertaining to the precursor factors that influence strategic alignment have primarily concentrated on the function of IT or Information System (IS) administration in the alignment mechanism, while paying comparatively scant regard to the function of business managers.

However, while suitable enablers and inhibitors can aid in bolstering an organization's capacity to construct a strategic alignment and subsequently maintain it, there is no guarantee that the organization will enhance its performance. Additionally, the conclusions drawn from empirical investigations on strategic alignment are restricted, as the majority of the data was gathered within the past two decades.

2.5 Organizational Performance

In this section, an exposition on the notion of organizational performance and the corresponding metrics for evaluating it is presented. The objective is to undertake a critical assessment of each of the metrics and ultimately identify the one that is best suited for measuring the performance of Ethiopian Insurance Corporation in a highly aligned manner.

Research has indicated that there is an ongoing debate surrounding the measures used to evaluate organizational performance. The limited perspective of organizational performance measures has received criticism due to the emphasis placed on a few subjective outcome measures in most strategic alignment research (Nugroho & Pudiastuti, 2021). Additionally, organizational performance measures have been accused of displaying apparent bias when

assessing the effects of strategic alignment on financial indicators as well as on the organization's goals, satisfaction, and perceived effectiveness (Walters et al., 2013).

Organizations that implement balanced performance measurement systems tend to exhibit superior performance compared to those that do not (Lingle and Schiemann, 1996). It is important to note that relying solely on either financial or non-financial measures can lead to incomplete assessments of the impact of strategic alignment on performance. Therefore, incorporating both types of measures can increase the validity of research. In summary, the accuracy of performance measurement plays a crucial role in determining the significance of strategic alignment. While some studies may have limitations in this regard the core argument of this study maintains that organizational performance can be enhanced by achieving strategic alignment (Al-Adwan, 2014).

Based on the aforementioned discussion, the subsequent sections will provide an evaluation of the current balanced performance measurement frameworks to determine the most appropriate performance measurement model.

2.5.1 Performance Measurement Frameworks

Numerous performance evaluation models and frameworks have been established to facilitate organizations in defining performance metrics that appraise growth and advancement. This section presents a meticulous evaluation of the present balanced models that have evolved to gauge organizational performance.

- **Macro Process Model of the Organization**

Brown (1996), established a relationship between the measures within a cause-and-effect framework in this particular model. The links, which can be categorized into five stages, namely inputs, processing system, outputs, outcomes, and goals, were expounded. Brown posits that each stage serves as the cause of the subsequent stage's performance, with inputs to the organization exerting influence over processing systems and ultimately impacting the organization's goals.

- **The Balanced Scorecard**

The balanced scorecard has emerged as a highly popular performance measurement framework developed by Kaplan and Norton (1992; 1996). This framework incorporates four perspectives of performance: financial, internal business, customer, and innovation and

learning. By including strategic non-financial performance measures, the framework provides a more comprehensive and balanced view of organizational performance. In addition to performance measurement, the balanced scorecard facilitates feedback on internal processes and external outcomes to enable continuous improvement of strategic performance. However, despite its widespread acceptance and use, research has revealed certain limitations associated with the balanced scorecard technique. For instance, the framework fails to capture several dimensions such as competitiveness, human resources, supplier performance, service quality, customer, environmental, and other indicators of success. Therefore, the overall comprehensiveness of the balanced scorecard is limited by these shortcomings.

- **Tableau de Bord**

The development of the Tableau de Bord is attributed to Epstein and Manzoni (1997). This tool facilitates the creation of interconnected metrics that are associated with different levels of an organization. These levels are then situated within the broader framework of the company's overall strategy.

- **The Performance Prism**

The Performance Prism framework, developed by Neely et al. (2001), offers a comprehensive approach to measuring organizational performance. The framework consists of five facets: stakeholder satisfaction, stakeholder contribution, strategy, processes, and capabilities. Neely et al. (2001) assert that previous performance management models have provided a one-dimensional view of performance, thus limiting their ability to address all aspects of organizational performance. In contrast, the Performance Prism framework is based on a holistic approach that considers performance from multiple perspectives. To more accurately assess organizational performance, the framework poses five fundamental questions for management to consider: What are our stakeholders' demands and wants? What can we expect from our stakeholders? Which strategy is best suited to meet stakeholder demands? What processes should be followed to satisfy stakeholder demands? And finally, what practices, people, technology, and infrastructure are necessary for the successful implementation of processes and strategies?

Moreover, the adoption of this approach, which incorporates indicators that encompass tactics, procedures, and competencies, is deemed more extensive than previous models. This approach signifies that the success of firms, as gauged by stakeholders' contentment, is

contingent on other components of the prism framework. This multidimensional framework encompasses all facets of performance that can impact an organization, including every level of the organization's hierarchy. Furthermore, it provides an equitable assessment of the organization, both internally and externally, while utilizing measures of efficiency and efficacy.

2.5.2 Selection of Organizational Performance Measures

As previously discussed, every model has its own limitations that are addressed in this particular model. Therefore, the Performance Prism has been chosen as a suitable framework for measuring organizational performance due to its multidimensional perspective. Despite the Balanced Scorecard (BSC) being the most commonly used framework, its limitations have led the researcher to select a more comprehensive framework that considers multiple dimensions of performance, namely the Performance Prism developed by Neely et al. (2001). The Performance Prism framework will be further discussed in the following chapter as this study aims to address gaps in literature by measuring the level of alignment and linking it to multiple performance criteria. To measure the organizational performance of the Ethiopian Insurance Corporation, a survey questionnaire based on the Performance Prism framework, adopted from Neely et al. (2002), was utilized.

2.6 The Impact of Strategic Alignment on Performance

Strategic alignment pertains to two essential and universal objectives with regard to organizational performance: being effective by accomplishing the correct actions, and being efficient by performing the actions correctly (Drucker, 1967). When the environment remains relatively stable or calm, organizations do not overly concern themselves with their effectiveness. However, substantial changes in the business environment, as a consequence of deregulation (i.e., heightened competition), globalization, and technological advancements that have increased environmental turbulence have necessitated continuous change within an organization. This presents a more persistent challenge of "effectiveness," and organizations must continually question whether or not they are indeed doing the right thing. Such a challenge demands creativity, risk-taking, entrepreneurial activity, and the management of uncertainty, which require dynamic, flexible, learning, and adaptable organizations.

The guiding principles of any strategic management process involve comprehending the necessary changes, determining how such changes can be managed and implemented, and

developing a roadmap for sustaining improvements, ultimately leading to better performance. The challenge associated with strategic management lies in charting a course for future successes by addressing present-day challenges.

Strategic control aims to ensure the successful implementation of the corporate plan. The balanced scorecard approach (Kaplan and Norton, 1996) offers a means of evaluating organizational performance and ensuring that strategy is translated into action. It is now widely acknowledged that a single metric cannot provide insight into all critical aspects of business. The balanced scorecard measures organizational performance across four equally important dimensions: financial, customer, internal processes, and people. Consequently, management must establish goals and objectives for each dimension and subsequently measure performance against these goals. The purpose of the balanced scorecard is to develop a comprehensive set of metrics that offers a balanced perspective of the organization.

In contemporary times, corporations are increasingly cognizant of their responsibilities towards the environment and society. This has led to the consequential need for managers to evaluate the sustainability of their organizations. This evaluation pertains to whether or not the development of the organization compromises the future generations' capacity to fulfill their needs. To measure sustainability, frameworks such as the Triple Bottom Line (TBL) have been employed. TBL assesses the organization's financial, social, and environmental performance, with a focus on people, planet, and profit. Nonetheless, TBL has its limitations. Research indicates that there is a lack of alignment between a company's actions and intentions in the realm of sustainability. Companies may promise to become more ecologically and socially accountable; however, their actions often do not align with their rhetoric. Furthermore, reports on sustainability can be fabricated or manipulated by corporate entities, undermining the realism of TBL in certain circumstances (Jackson et al., 2011).

A study on four factors: motivation, ability, roles, and organizational support to see which factors influence organizational performance, several factors have been determined to have an impact on the performance of an organization (Bunteng, 2022). Enhancements to processes, dynamic leadership, streamlined communication, and the structure of work flow have all been identified as significant contributors to organizational performance. The factors that are of great significance in influencing the performance of an organization have been identified to include strategy, leadership, structure, quality, innovation and development, information technology, performance measurement, employees, and corporate governance.

Additionally, it has been discovered that the working environment, training and skill, and management involvement are also effective in ensuring optimal performance of an organization.

An additional study revealed eight determinants that hold significant sway over the performance of an organization, namely, the scale of the business entity, the stage of its life cycle, technological advancements and product innovation, organizational autonomy, centralization and formalization, market roles, and the character and importance of its goals (Dragnić, 2014). Strategic alignment between business and IT strategies is an important factor affecting organizational performance. Research conducted by Bergeron et al. (2004) found that low performing firms experience greater misalignment between these strategies than their high performing counterparts. Similarly, King et al. (2000) discovered that firms with high IT alignment perform better than those with low IT alignment. Moreover, firms with superior IT capabilities exhibit superior performance compared to the industry average (Santhanam and Hartono, 2003). Strategic alignment is associated with multiple benefits including higher returns on IT investment, increased profitability, sustained strategic performance, and a competitive advantage (Luftman et al., 2011; Praisi, 2013).

The succeeding sections underscore the significance of the principal elements of strategic alignment, specifically IT strategies and business strategies.

2.6.1 IT Strategies and Organizational Performance

The subject matter of IT infrastructure has been a significant matter of concern for both researchers and practicing managers over a considerable period (Davenport, 2013). The organization's IT infrastructure is designed to integrate technology components in a manner that supports business requirements; nonetheless, the IT infrastructure concept is far more intricate (vom Brocke et al., 2014). The adoption of IT has been demonstrated to offer a competitive advantage and a fundamental factor that enhances organizational performance (Wang, 2014). The adoption of IT can assist management in reducing costs by adopting IT and managing processes and systems. Consequently, products and services can be positioned in the market at competitive prices. Many scholars have highlighted that technology can enhance competitiveness, but technical incomparability is not always crucial since adopting a cutting-edge technology is not identical in the creation of organizational value for three reasons: technology is accessible to everyone, and it is not easy to do inimitable things;

organizations must deploy the technology effectively to create added value, not only by utilizing the appropriate technology but also by utilizing the appropriate portion of it; and organizations require skilled workers who can effectively use the deployed technology, which further supports the alignment of IT with the business by achieving the effective deployment of IT in line with the objectives and goals of the organization (vom Brocke et al., 2014).

In the current business landscape, sustainable competitiveness and survival of organizations is greatly influenced by innovation. Innovation can be manifested in various forms such as new processes, strategies, products or services, and has been closely associated with emerging trends like information technology. A considerable body of literature demonstrates that organizations that are slow in adopting or fail to adopt new technologies often face failure, while those that embrace technology manage to maintain their competitive edge. (Al-Taweel & Al-Hawary, 2021).

Thus far, it has been revealed that information technology (IT) is a resource that is compliant in nature. While it may be adopted for specific purposes, there are instances where it is not utilized in the manner it was intended for. Extensive research has focused on the impact of IT on organizations, with particular emphasis on how it can shape the behavior of individuals. Some of these areas have sparked heated academic debates and controversy, while others are emerging subjects, particularly with regard to the implications of the latest technological advancements.

There are social consequences of technology that can be aligned with business processes, including how it affects the skills and performance of individuals. IT may influence the level of control that individuals have over the presentation of their competencies, but it can also recognize different types of assessments. Some argue that people are being monitored and controlled more closely, while others highlight the democratizing possibilities of certain available technologies, including recent developments such as networking.

Information technology (IT) is widely recognized as a crucial element that contributes to and molds an organization's competitive advantage. In addition, information systems play a key role in facilitating engagement with stakeholders and facilitating access to knowledge about both internal and external environments. This interaction enables organizations to employ a tool that can enable the exchange of information and, as a result, increase participation in various business phases (Peppard et al., 2014). In order to achieve desired quality, a well-

integrated strategy using concepts from strategic management, technology and policy, and quality strategy can be facilitated through the use of IT. The alignment perspective between IT and business should be chosen carefully to determine the appropriate portion of IT to use, and should be based on the organization's needs in order to achieve goals and objectives and maintain competitiveness. However, it should be noted that IT alone will not create added value or competitive advantage without a skilled workforce and well-built strategy.

IT adoption in organizations is influenced by internal and external factors, including employee beliefs and behavior towards IT. Their study on the effectiveness of government policy mechanisms for SMEs in southeast London also highlights policies and regulations as another significant factor affecting IT adoption (Harindrath et al.,2008).

A modern IT plan that emphasizes business strategy and considers IT as a means to achieve organizational goals, with a focus on creating performance indicators, as the impact of IT on business strategies moves from efficiency to enhancement.

The following section will analyze business strategies and their correlation with strategic alignment and performance measurement.

2.6.2 Business Strategies and Organizational Performance

The focal point of business strategy is to establish and cultivate a customer base, as emphasized by Drucker (1954). According to Ohmae (1983), customer-based strategies serve as the basis for all strategy. Kanter (1989), proposes that organizations should strive to become customer-driven by being entrepreneurial, learning-oriented, and focused on core-skills, and by using new knowledge to understand customers' perspectives.

Scholars and practitioners have extensively discussed diverse suggestions to support business entities, trends, and advancements. Following these debates, various concepts, approaches, and theories have emerged, such as Drucker's Management by Objectives (1995), Miles and Snow's Strategic Management (1978), Hofstede's Culture Theory (1980), and Davis's Technology Acceptance Model (1989), among others. All proposed models have focused on strategic planning, whether market-driven, customer-driven, service-driven, or human resources development, which involves cultural changes to enhance performance, address rapidly changing circumstances, and foster teamwork and expertise (Bryson and Roering, 1996). Strategic planning has been defined in numerous ways, attempting to determine its true nature. Notably, most definitions revolve around the organization's mission, objectives,

formal decisions, written documents, structure, strengths, weaknesses, opportunities, and threats.

According to Smaczny (2001), strategic alignment has a positive relationship with both business strategies and IT strategies, despite some arguments that IT should not be separated from business strategy, since strategic management involves aligning resources, including IT, with the internal and external environments of an organization.

According to Chen (2014), strategic alignment is a beneficial approach for organizations, as it helps them to optimize their IT investment returns. Additionally, it can aid in outlining the path for future IT investments, while also identifying the risks and opportunities that can contribute to competitive advantages. Effective strategic alignment is integral not only for the advancement of business plans but also for the improvement of overall organizational performance. This is because alignment facilitates the acquisition of greater benefits, encouraging businesses to invest more in IT to improve their competencies and ultimately increase efficiency.

Linking business and IT in terms of strategic alignment is considered vital for organizations (Basili et al., 2013; Bharadwaj et al., 2013). However, it is important to note that more research is required to investigate both the effectiveness and efficiency of strategic alignment. This involves ensuring that the correct actions are performed correctly, as well as examining the impact of strategic alignment on organizational performance.

2.6.3 Strategic Alignment and Organizational Performance

It should be duly noted that the performance of an organization is not a one-dimensional phenomenon, but rather a complex and elusive one, which poses considerable challenges in terms of comprehension and measurement. This is highlighted by Eltayeb & Kadoda (2017), they emphasize the multidimensional nature of organizational performance. It is also worth noting that different organizations may have divergent performance objectives, which in turn can lead to variations in terms of the targets set, the metrics used, and the perspective adopted. However, once the performance criteria and measures are defined, organizations can effectively plan and monitor their performance. Therefore, to respond to the demands for further investigation into the effects of strategic alignment on organizational performance, it is imperative to have a collection of assessment instruments and standards that mirror the strategic judgments (i.e., strategic alignment).

In order to effectively implement an organization's strategies, it is imperative that a comprehensive suite of performance measurement tools and criteria be established and implemented. The alignment of performance measurement with strategic goals and objectives is paramount, and requires a careful consideration of the organization's objectives and goals to ensure that they are in accord with the overarching strategic vision. Thus, by aligning the goals of strategic alignment with organizational goals, an organization can effectively measure and track its progress towards its strategic objectives.

Numerous studies have documented that strategic alignment enhances organizational performance (Al-Adwan, 2014; Weiss & Thorogood, 2011). Conversely, misalignment can result in IT project mismanagement and failure, as well as the disregard of IT in business decision-making (Sauer & Burn, 1997).

The efficient and effective achievement of alignment within organizations is an area that requires further comprehension. As a result, a study was conducted to examine the factors that influence strategic alignment, with the aim of developing a better understanding of the process that initiates strategic alignment before investigating its impact on organizational performance.

Tallon and Pinsonneault (2011), research delved into the correlation between alignment and firm performance, utilizing agility as a mediator, and observing the varying conditions of IT infrastructure flexibility and environmental volatility. Their findings revealed a positive and significant connection between alignment and agility, and between agility and firm performance. However, their contribution integrates the literature on strategic IT alignment and organizational agility, yet fails to provide a direct impact on organizational performance. Nonetheless, strategic alignment is deemed critical in enhancing profitability through technology employment, provided that the integration between business and IT is achieved (Papp, 1999). Papp acknowledges 12 different perspectives on alignment, which offer approaches to evaluate or attain alignment. This involves the utilization of the alignment model to assess the organization's perspectives, providing insights to identify and optimize Information Technology for optimal efficiency, including financial measurements.

Inconsistencies in research findings may be attributed to rigid alignment plans and investments in varying IT types that hinder organizational adaptability. As such, exploring the relationship between strategic alignment and organizational performance has become a

key research objective. To this end, the researcher has devised a SAM-based model to examine factors that influence strategic alignment within Ethiopian Insurance Corporation and to assess the potential impact of strategic alignment on organizational performance.

2.7 Conceptual Development

This segment of the discussion presents and provides rationalization for the generation the conceptual model. The said model comprises of prior IS success, IT acceptance, strategic alignment and organizational performance. Furthermore, the discourse deliberates on the reasoning and formation of the conceptual model and its constructs. In-depth scrutiny and assessment of the factors that impact business IT alignment considerably are also carried out to identify and bridge any existing gaps in the conceptual model adequately. And a proposal for the conceptual model is put forward.

In the course of developing the conceptual model, the factors that influence business IT alignment, as evidenced in the preceding chapter, have been utilized. Moreover, research that explored the relationship between business IT alignment and organizational performance has been considered. Among the various models, the Strategic Alignment Model (SAM) proposed by Henderson and Venkatramen (1993), has been identified as the most widely used. As such, it has also been employed in the present study but with the addition of two supplementary factors, namely, Prior IS success and IT acceptance. The study aims to investigate the effects of these factors on strategic alignment and its impact on organizational performance by employing multiple performance measures. In the following sections, the constructs of the conceptual model are discussed and hypotheses are presented.

2.7.1 Prior IS Success and Strategic Alignment

In pursuit of examining the factors that affect strategic alignment and their impact on organizational performance, existing literature indicates a shortage of empirical research based on theory that effectively highlights both elements. Therefore, this section intends to discuss the factors that influence strategic alignment. Consequently, a conceptual model that evaluates the influence of these factors on alignment and their impact on organizational performance is developed and subjected to empirical testing.

The successful fulfillment of IT commitments leads to increased trust and collaboration in decision-making between IT managers and business executives. Conversely, the inability of IT to meet commitments and previous instances of failed technology implementation can

significantly impede executive reliance on IT (Martins and Kambil, 1999). Thus, prior failures can result in the loss of trust from top management towards IT and IS.

The measurement of IT evaluation and success has been the subject of research studies by (Irani, 2008; Petter et al., 2008). However, there is a gap in research with respect to the link between IS success and the Strategic Alignment Model (SAM) and its impact. Additionally, no study has explored the dimensions of IS success depicted in the model by Delone and Mclean (2003), on the SAM. The present research aims to measure the impact of IS success on strategic alignment based on an instrument developed and validated by Sedera and Gable (2004). The instrument comprises four dimensions, namely system quality, information quality, individual impact, and organizational impact, which are known to measure IS success from different angles. This research focuses on examining the impact of IS success at the organizational level, which is why the dimension of organizational impact is included.

The first hypothesis of this study aims to examine the influence of previous Information Systems (IS) successes on the level of advancement of strategic alignment within Ethiopian Insurance Corporation. The study is geared towards exploring the extent to which prior successes can impact the maturity of strategic alignment.

H1: *Prior IS success positively influence strategic alignment.*

2.7.2 IT Acceptance and Strategic Alignment

The conceptual model incorporates the factor of IT acceptance, as it has been previously established that IS success significantly influences a user's intention to accept IT. (Chong et al., 2012; Chong., 2013). Given the significant impact of "IT prior success" on both IT acceptance and strategic IT alignment, it is postulated that IT acceptance also has an effect on strategic IT alignment. It is suggested that variations in the success of IT strategic planning across different nations can be attributed to differing attitudes towards IT among individuals. Despite the need to investigate the impact of individual behavior on the effectiveness of organizational practices, no empirical study has yet been conducted in relation to strategic alignment.

To construct a conceptual model and determine the most significant factors that impact IT acceptance, it is beneficial to examine a renowned model regarding the perceptions of technology users. The Technology Acceptance Model (TAM) is a theoretical framework utilized to explicate how users accept and utilize new technologies. This model was

originally introduced by Davis in 1989 and has been widely applied in research on technology adoption and use. The model suggests that two predominant factors influence users' inclination to embrace new technologies: perceived usefulness and perceived ease of use. Perceived usefulness refers to the extent to which users believe that a technology will enhance their performance or productivity. Perceived ease of use refers to the extent to which users believe that a technology is user-friendly and comprehensible. According to the TAM, these two factors are the primary determinants of users' attitudes towards a technology and their intention to use it.

The constructs of perceived usefulness (PU) and perceived ease of use (PEOU) have been identified as the most dominant factors in the acceptance of information technology (IT). These constructs have been consistently utilized in various models, albeit with different terminologies such as performance expectancy (PE) and effort expectancy (EE) instead of PU and PEOU, respectively. The technology acceptance model (TAM) has been widely explored, investigated, linked, and extended as a suitable model for explaining user behavior towards IT (Chen et al., 2011). It is suggested that the two most successful constructs of TAM, namely PU and PEOU, can be incorporated into the current conceptual model. The definitions and scale items of PU and PEOU are adopted from Vankatesh et al. (2003), and presented in Table 2.3.

Table 2.3: IT Acceptance Constructs (Adopted from Venkatesh et al., 2003)

Construct	Definition	Items
Perceived Usefulness	**The extent to which an individual holds the conviction that the utilization of a specific system would augment their work performance.**	**1. Using the system in my job would enable me to accomplish taks more quickly** **2. Using the system would improve my job performance** **3. Using the system in my job would increase my productivity** **4. Using the system would enhance my effectiveness on the job** **5. Using the system would make it easier to do my job** **6. I would find the system easy to use**
Perceived Ease of Use	**The degree to which a person believes that using a system would be free of effort.**	**1. Learning to operate the system would be easy for me** **2. I would find it easy to**

	get the system to do what I want it to do **3. My interaction with the system would be clear and understandable** **4. I would find the system to be flexible to interact with** **5. It would be easy for me to become skillful at using the system** **6. I would find the system easyto use**

This study expands upon previous research pertaining to the Strategic Alignment Model (SAM) and establishes a connection between SAM and Technology Acceptance Model (TAM). The objective is to comprehend the impact of user attitudes towards IT on the maturity level of strategic alignment between business and IT in Ethiopian Insurance Corporation. The second hypothesis being tested is:

H2*: IT Acceptance positively influence strategic alignment.*

2.7.3 Strategic Alignment and Organizational Performance

In line with the concepts and frameworks expounded in the preceding section, this study aims to evaluate the influence of strategic alignment maturity on the overall performance of the organization, which constitutes the third construct under consideration. It is important to underscore the processes that interconnect the various facets of the business and IT partnership.

Measuring the degree to which these procedures are established and effectively implemented is critical in evaluating the level of alignment within an organization. Strategic alignment necessitates a collective vision, objectives, and strategies. Hence, this segment scrutinizes the widely held notion that alignment is linked to organizational performance (Al-Adwan, 2014; Parisi, 2013).

This research indicates that the alignment of IT with organizational objectives results in a strategic utilization of IT, resulting in improved organizational performance. Nevertheless, this association has not yet been tested empirically utilizing multiple performance measures.

The present study acknowledges organizational performance as the ultimate dependent variable. The research scrutinizes this relationship by interconnecting the maturity of strategic alignment with organizational performance through the utilization of multiple performance measures to apprehend the comprehensive performance. Furthermore, the impact of the entire dimensions of strategic alignment on organizational performance is

evaluated from the perspective of the contingency theory. Therefore, the constituents of strategic alignment between business and IT, i.e., communication, competency, governance, scope and architecture, and skills are expected to add to the performance (Luftman, 2000).

To examine the influence of strategic alignment on the performance of an organization, a performance evaluation approach utilizing multiple measures has been developed. This approach is grounded in the Performance Prism framework Neely and Adams (2001), and encompasses five distinct facets, as illustrated in Table 2.4.

Table 2.4: Organizational Performance Measures based on the Performance Prism Framework

Performance Prism Pacets	Measures	Prior Research
Stakeholder Staisfaction	• Delevery of services that meet customers' needs • New services development • Decrease in clients complain • Improve the outcomes/outputs	Martin & Peterson (2009), Li et al. (2013)
Stakeholder Contribution	• Increase the customer retention and loyalty • Increase the with the e-government • Increase the level of support from policy makers and national committees	Bridoux & Stoelhorst (2014)
Strategies	• Cost reduction • Cost control • Achivement of strategic goals • Attain timely decision making	Kefi & Kalika (2005), Broadbent & Weil (1999), Frigo & Krumweide (2000)
Processes	• Increase responsiveness to clients requirements • Enhancement in business processes • Information flow between departments • Increase in the cooperation between departments	Kefi & Kalika (2005)
Capabilities	• Increase in innovation capabilities • Increase in organizational productivity • Declopment of effective training programs • Increase the organizational capacity	Bernrioder (2008)

Based upon the aforementioned argument, the third hypothesis was formulated as follows:

***H3**: Strategic alignment positively impacts organizational performance*

2.8 Conceptual Model

The definitions and classifications of strategic alignment perspectives indicate that this research adopts the mediation fit perspective, which establishes a link between an antecedent variable (strategic alignment) and a consequent variable (organizational performance). The conceptual model will demonstrate the relationships in the SAM and how they relate to organizational performance. The importance of these relationships is already discussed, as the impact of strategic alignment on organizational performance remains a debatable topic. Therefore, this research extends the process of strategic alignment maturity assessment to measure the impact of strategic alignment on organizational performance and examine the factors that may influence this alignment, as depicted in Figure 2.3.

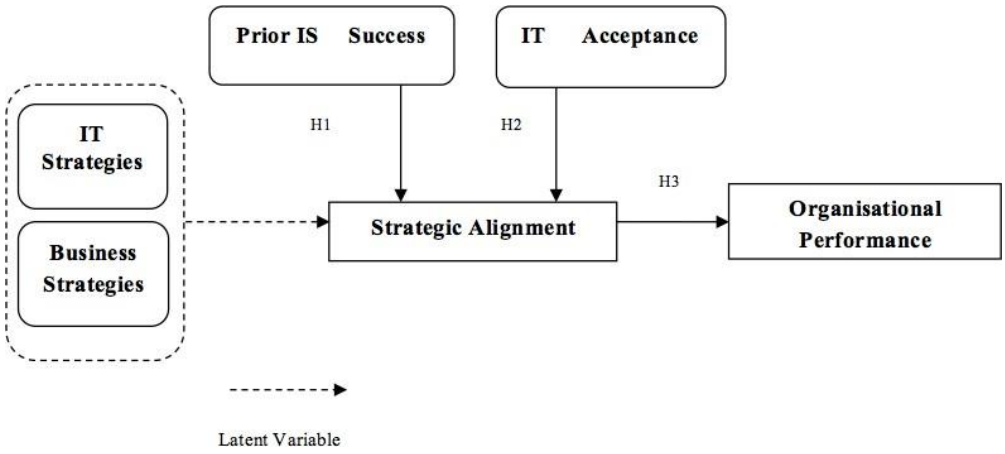

Figure 2.3: Conceptual Model for Strategic Alignment and Organizational Performance

The purpose of the conceptual model is to offer a more profound comprehension and clarification of the interconnections between the strategic alignment of business and IT and organizational performance. It is worth noting that the conceptual model is grounded on the strategic fit of the elements of Henderson and Venkatraman (1993,) and intertwines strategic alignment with organizational performance, assuming that the anticipated boosted performance is a consequence of the strategic alignment between business strategy and IT strategy. The latent variables of business strategy and IT strategy are assessed, and measuring the impact of the strategic alignment of these two variables is one of the primary arguments of this thesis, along with measuring the effect of the two factors (i.e., prior IS success and IT acceptance) that influence strategic alignment. The researcher intends to measure this link

based on Luftman's SAMM, a globally dependable approach based on the original model of Henderson and Venkatraman (1993).

Chapter Three: Research Methodology

3.1 Introduction

The preceding chapter introduced the theoretical framework of strategic alignment and organizational performance, which will be applied to the empirical research conducted at the Ethiopian Insurance Corporation. This section of the thesis outlines the adopted research methodology, which is based on commonly employed research methods for investigating the effects of strategic alignment on organizational performance and assessing the impact of the factors presented in the previous chapter on strategic alignment.

3.2 Research Approach

The selection of an appropriate research approach is crucial as it directly impacts the findings of the research. Saunders et al. (2009), suggest two research approaches, namely inductive and deductive. The deductive approach is structured and aims to find answers to the research questions, with a focus on generalizing the examined particulars. This approach is considered quantitative research and involves data collection and theory development based on data analysis. In contrast, the inductive approach is unstructured and involves identifying unknown particulars by comparing them with a set of known facts to develop theory-based hypotheses. This approach is considered qualitative research. Marshall (2014), explains that induction is the technique used when collecting facts and trying to find order in them, while deduction involves testing a theory with data. (Punch, 2000) emphasizes the importance of conceptual frameworks in research approaches, stating that planning research in terms of research questions makes explicit the idea of levels of abstraction in research.

This particular study adheres to a confirmatory approach, employing a deductive or quantitative approach that is deemed suitable for examining the strategic alignment of IT and business strategies. Quantitative research refers to a methodology wherein the researcher employs post-positivist assertions for the purpose of knowledge development (Creswell, 2003). This approach entails the utilization of hypotheses for the testing of theories. Typically, the study design incorporates surveys, along with pre-determined instruments, to facilitate the collection and production of statistical data.

3.3 Research Methodology

An empirical research methodology has been formulated to demonstrate the research process and substantiate the proposed conceptual model in relation to the Ethiopian Insurance Corporation. This empirical research methodology has been devised in accordance with the three stages Rudestam and Newton (1992), research design, data collection, and data analysis, as explained upon in the subsequent subsection.

3.3.1 Research Design

The research design is an integral component of a study, encompassing a comprehensive approach and blueprint for data collection and analysis. It serves as a framework for answering the research questions in an optimal manner.

The focal point of this research is to establish the relationship between strategic alignment and the organizational performance in Ethiopian Insurance Corporation. Furthermore, this study seeks to examine the crucial factors that impact strategic alignment, as identified in the preceding chapters.

Drawing on the theoretical model posited, a quantitative investigation has been implemented with the aim of substantiating the proposed conceptual framework and addressing the research questions (Creswell, 2003). Case study research methodology has received criticism for its lack of representativeness and statistical generalizability. The data collected in case studies is often complex and open to different interpretations, leading to potential researcher bias. However, the emphasis in case study research is on what can be learned from a single case, rather than claiming to be representative (Cornford and Smithson, 2006). To mitigate such concerns, the use of a questionnaire is considered the most appropriate approach.

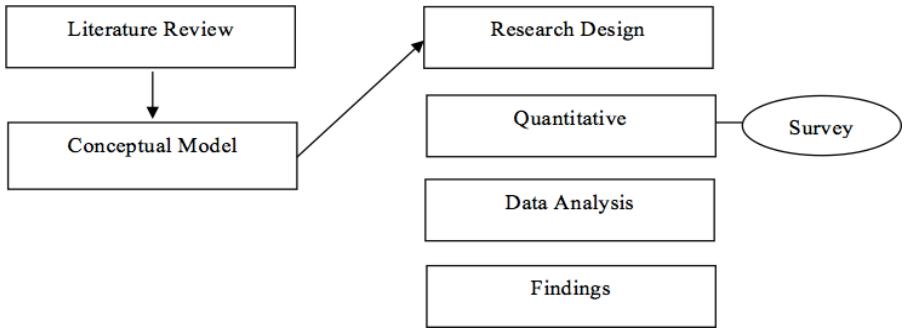

Figure 3.1 Research Design

As showed in the theoretical framework, the constructs of business strategy and IT strategy are emerging. Their convergence gives rise to a mediation construct. These constructs are latent variables; hence they are regarded as second-order factors and will be measured indirectly through these constructs.

3.3.2 Population and Sampling Design

3.3.2.1 Population and Sample Size

The research pertains to the employees of EIC, comprising personnel working at the head office, district offices, and branches in Addis Ababa, who hold managerial/technical positions and possess a comprehensive comprehension of strategic concerns. The data gathered from the department of human resources indicates that the present HR profile of EIC as of April, 2023 can be encapsulated in the tabular format presented below.

Table 3.1 EIC's HR Profile as of April, 2023

No.	Title	Level of Position	Number
1	**CEO**	**Top Management**	**1**
2	**DCEO**	**Top Management**	**9**
3	**Directors**	**Middle Management**	**21**
4	**Team Leaders**	**Middle Management**	**44**
5	**Principal**	**Lower Management**	**190**
6	**Senior Officer and others**	**Non-Management**	**1,670**
	Total		**1,935**

Based on the table presented above, the total population in question is approximately 1,935 individuals. Specifically, this study targeted the management level staff of the corporation: this includes top, middle and lower-level managers totaling around 265 individuals.

In this paper the researcher used a simple formula from Yamane (1967), to determine the sample size. This formula can be used to determine the minimal sample size for a given targeted population.

$n= N/(1+N(e2)$

Where,

n = Sample size

N = Total targeted population

e = margin of error

Assume that the margin of error is 5% with a population of 265 the sample size become:

n = 265/1+265(0.05)2

n =159.39

Thus, the sample size of the study was 159.39.

Sampling Technique

Convenience purposive sampling, a non-probability sampling technique, was employed in this study. While this approach may not fully reflect the entire population, it does provide insight into the group that possesses knowledge and experience in business strategy, IT strategy, and the performance of Ethiopian Insurance Corporation. It is possible to argue that the sample population selection in this survey was not based solely on convenience but also on valid justifications that mitigate its non-representative nature. The sampling included stakeholders of strategic alignment from IT, business, and both to maintain a true representative pattern. The aim of the sampling was to address the maturity level of business and IT strategy alignment at the strategic level. The sampling frame encompassed top-level, middle-level, and lower-level management of EIC.

3.3.3 Type of Data and Collection

Primary data for this study were acquired through a survey that was disseminated among the targeted employees of EIC. There exist two types of surveys, namely the analytical survey and the descriptive survey (Lehtonen and Pahkinen, 2004). The analytical survey is employed to test a theory, whereas the descriptive survey is used to identify the characteristics of a specific population. It is imperative to ensure that the sample selected accurately represents the population. In this research, the analytical survey is the type of survey utilized.

Existing multiple-item 5-point Likert scales were utilized to assess each constraint. The content validity was meticulously taken into consideration to specify each construct by utilizing established scales with robust measurement properties.

The survey was specifically targeted towards respondents who were positioned one to four levels below the CEO and were responsible for possessing knowledge of both IT and business planning.

The technique employed in the collection of survey data was electronic surveys via google form. This particular methodology enables the researcher to conduct data collection on a large scale and is widely acknowledged for its cost-effectiveness. This approach presents notable benefits, as it requires minimal effort in management and is easily accessible for respondents to answer at their convenience from any location.

3.4 Data Analysis

The statistical analysis for this study was conducted utilizing statistical software packages, SPSS. The researcher selected a variety of statistical techniques, commencing with the descriptive analysis. This method furnishes particulars regarding the population and their responses. It assesses the efficacy of the measures and items by examining the respondents' reactions and responses towards the survey. The SPSS is the source of the maximum statistical data, which can be deemed an indicator of the responses, as well as how they have ranged appropriately on the multiple-item 5 Likert scales employed. Additionally, the means, frequency distributions, and standard deviations assist the researcher in acquiring knowledge pertaining to the study's variables and their interrelationships.

A correlation analysis is then used which involves the calculation of the correlation coefficient (r). This analysis is employed to examine the relationships within constructs with the aim of determining their suitability for further analysis. The purpose of this approach is to determine the appropriateness of progressing with subsequent analysis.

The utilization of Cronbach's alpha has been employed to ascertain the efficacy and authenticity of the gathered data. The reliability coefficient serves as an indicator of the favorable association among various items, and the internal consistency reliability is deemed high as the Cronbach's alpha approaches 1. To assess the construct validity, it is essential to examine the correlation among the measures (Campbell and Fiske, 1959). The correlation that adheres to the predictable pattern will enhance the construct's validity.

Finally, the hypotheses were subjected to testing through regression analysis, which is a commonly utilized method in such studies. While correlation analysis does not assume any causal relationship among variables, regression analysis assumes that one variable relies on another single variable (simple regression) or multiple variables (multiple regression). In this particular study, simple regression was employed to demonstrate the relationship between one dependent variable and another independent variable.

Chapter Four: Data Analysis and Findings

4.1 Introduction

Within this chapter, the outcomes of the numerical data analysis are presented. The exploration of quantitative data encompassed the collection of information from the Ethiopian Insurance Corporation through the utilization of a web-based survey or Google form, as previously mentioned in the preceding chapter.

4.2 Sample and Data Collection

As discussed in the preceding chapter, the data sample utilized in this thesis emanated from the management staff of Ethiopian Insurance Corporation. The survey respondents were drawn from IT management, core business, and other management sections of the corporation, all of whom possess expertise in IT, planning, and organizational performance. The key objective of this study is to scrutinize the influence of strategic alignment between business and IT on organizational performance, and outline the factors that affect this alignment, namely IS prior success, and IT acceptance. The selection of respondents for this study is fully justified, given that this is management-level information, accessible solely to the management hierarchy of the organization

The Google form link was distributed via email to 159 participants with an expectation of their participation. The survey respondents were guaranteed confidentiality of the information extracted and its use solely for research purposes, with a promise that their identities and participation statuses would remain undisclosed. Additionally, respondents were given the option to discontinue the survey or contact the surveyor if they felt uncomfortable with revealing any information.

A total of 112 individuals responded to the surveys, indicating an overall response rate of 70.44% out of 159 participants. Despite the researcher's efforts to prevent nonresponse bias, including pretesting the survey, extending the data collection period, and sending reminders to survey participants, the issue was ultimately unavoidable.

4.3 Descriptive Statistics

The descriptive analysis of the study sample's various responses was conducted to determine their inclination towards the different study variables using a 5 point Likert scale. These variables, which include Prior IS success, IT acceptance, Strategic alignment, and organizational performance, were evaluated using a Likert scale and a

series of questions posed to respondents. Strategic alignment was measured using communications, competency, governance, partnership, scope and architecture, and skills, while IT acceptance was evaluated through perceived usefulness and perceived ease of use. Organizational performance, on the other hand, was measured based on stakeholder satisfaction, contribution, strategies, processes, and capabilities. The data collected was then organized and presented in a comprehensible and presentable manner through the use of descriptive analysis techniques.

4.3.1 Demographic Characteristics

The present research undertook an exploration of the demographic features exhibited by the participants constituting the study sample. This investigation was conducted through the acquisition of relevant data pertaining to the individuals' profiles and backgrounds. Namely, gender, business unit, education, experience and level of management. The survey participants were inquired regarding the specific business unit they belong. Gender wise, 87.5% of the respondents were male, female constituted only 12.5%. Regarding the business unit the participants belong, majority of the respondents (80.4%) were from non-IT business unit and the remaining, 19.6% were from IT business unit. Pertaining to education level, 48.2% of the respondents were first degree holder and 51.8% were master's degree holder. More than half of the respondents (55.4%) have 10 years and more experience, 32.1% have 5 to 10 years and 12.5% less than 5 years' experience. To finish, 5.4% of the respondents were top level managers, 13.4% were middle level and the majority (81.3%) were lower-level managers.

Table 4.1: Gender Composition of the Respondents

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	98	87.5	87.5	87.5
	Female	14	12.5	12.5	100.0
	Total	112	100.0	100.0	

Source: Survey data computed in SPSS. May, 2023

Table 4.2: Business Unit of the Respondents

Business_Unit					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non - IT Business Unit	90	80.4	80.4	80.4
	IT	22	19.6	19.6	100.0
	Total	112	100.0	100.0	

Source: Survey data computed in SPSS. May, 2023

Table 4.3: Education Level of the Respondents

Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelor Degree	54	48.2	48.2	48.2
	Masters Degree	58	51.8	51.8	100.0
	Total	112	100.0	100.0	

Source: Survey data computed in SPSS. May, 2023

Table 4.4: Experience of the Respondents

Experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 5 Years	14	12.5	12.5	12.5
	5 - 10 Years	36	32.1	32.1	44.6
	> 10 Years	62	55.4	55.4	100.0
	Total	112	100.0	100.0	

Source: Survey data computed in SPSS. May, 2023

Table 4.5: Level of Management of the Respondents

Level_of_Management					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Top level	6	5.4	5.4	5.4
	Middle level	15	13.4	13.4	18.8
	Lower level	91	81.3	81.3	100.0
	Total	112	100.0	100.0	

Source: Survey data computed in SPSS. May, 2023

4.3.2 Strategic Alignment

As previously discussed, the strategic alignment of an organization was evaluated based on six sub-variables: communication, competency, governance, partnership, scope,

architecture, and skills, using the strategic alignment maturity model presented in Chapter 2. In order to analyze the level of alignment maturity in an organization, respondents in the study were asked a series of questions to extract reliable information. The SAMM (Luftman, 2000), which ranges from level 1 indicating the lowest level of alignment to level 5 indicating the highest level of alignment, was used to measure the level of alignment maturity, 3 indicates a moderate level of alignment between business and IT. The outcomes of the descriptive analysis of the data of each sub-variable are provided below.

Table 4.6: Communications Description Statistics

		IT department understands the organisation's business environment (e.g., its customers, competitors, processes, partners/alliances)	Business departments understands the IT environment (e.g., its current and potential capabilities, systems, services, processes)	Organisational learning occurs through formal, unifying, bonding methods, with feedback measures to monitor and promote effectiveness of learning	The IT and business communication style is informal and flexible	There is formal knowledge sharing at the functional unit level, at the corporate level, and with business partners/alliances	EIC regularly use liaisons to facilitate the transfer of IT knowledge to the business and external partners and business knowledge to IT
N	Valid	112	112	112	112	112	112
	Missing	0	0	0	0	0	0
Mean		2.41	2.54	2.38	2.71	2.41	2.11
Median		2.00	2.00	2.00	3.00	2.00	2.00
Mode		2	2	2	3	2	1
Std. Deviation		1.087	1.004	.978	.999	1.119	1.118
Variance		1.181	1.008	.957	.999	1.253	1.250

Source: Survey data computed in SPSS. May, 2023

As we see from the first sub variable (refer Table 4.6) against strategic alignment, communications, the respondent's perception on each statements is below the moderate level which is 2.41 for the first and 2.11 for the last statement.

Table 4.7: Competency - Description Statistics

		EIC use a balancing metrics by linking Business and IT metrics. These metrics are extended to our external partners (e.g., customers, vendors, outsourcers)	EIC has service level agreements between the IT and functional departments and external partners/allian ces	EIC routinely perform formal benchmarks and have a regulated process in place to take action and measure the changes. (e.g., environmental scanning, data gathering and analysis, determining best practices)	EIC routinely assess and/or review IT investments and have a formal process in place to make changes based on the results and measurements	EIC has well established IT-Business continuous improvement practices and effectiveness measures in place	The demonstrated contribution that the IT function has made to the accomplishme nt of the organisation's strategic goals is very strong
N	Valid	112	112	112	112	112	112
	Missing	0	0	0	0	0	0
Mean		2.07	2.29	2.52	2.41	2.25	2.46
Median		2.00	2.00	2.00	2.00	2.00	2.00
Mode		2	3	2	2	2	2
Std. Deviation		.846	.944	.986	1.018	1.095	1.090
Variance		.716	.891	.973	1.037	1.198	1.188

Source: Survey data computed in SPSS. May, 2023

The mean of the 112 respondent's response (refer Table 4.7) regarding the 'competency' practice in EIC is 2.07 for the first statement and 2.46 for the last statement which is near low scale wise.

Table 4.8: Governance - Description Statistics

		EIC do formal strategic business planning at the functional unit and across the corporation with IT participation	EIC do formal strategic IT planning at the functional unit and across the corporation	EIC IT investment decisions are primarily based on IT's ability to create competitive advantage that enhance performance	EIC has formal, regular committee meetings with demonstrated effectiveness that include IT and strategic business partners	EIC's IT project prioritization process is usually mutually determined between senior and mid-level IT and business management	The ability of the IT function to react/respond quickly to the organization's changing business needs is very strong
N	Valid	112	112	112	112	112	112
	Missing	0	0	0	0	0	0
Mean		2.32	2.18	2.34	2.34	2.32	2.27
Median		2.00	2.00	2.00	2.00	2.00	2.00
Mode		2	2	2	2	2	2
Std. Deviation		.951	.970	1.062	1.078	.988	1.115

Variance	.905	.941	1.127	1.163	.977	1.243

Source: Survey data computed in SPSS. May, 2023

The mean of the 112 respondent's response (refer Table 4.8) regarding the 'governance' practice in EIC is 2.32 for the first statement and 2.32 for the last statement which is near to low scale wise.

Table 4.9: Partnership - Description Statistics

		IT is perceived by the business as a partner with the business that co-adapts/improvises in bringing value to the firm	The role of IT in strategic business planning is co-adaptive to enable/drive strategic objectives	Risks and rewards are always shared and EIC has formal compensation and reward systems in place that induce managers to take risks	EIC has defined programs to manage relationships; both IT and the business comply with them, and are continuously improving them	The relationship between IT and business is a long-term partnership and IT is a valued service provider	EIC's IT - based initiatives often have a senior level IT and the CEO as the business champion
N	Valid	112	112	112	112	112	112
	Missing	0	0	0	0	0	0
Mean		2.96	3.04	2.25	2.29	3.18	2.68
Median		3.00	3.00	2.00	2.00	3.50	2.50
Mode		4	2	2	2	4	2
Std. Deviation		1.170	1.154	.991	1.069	1.303	1.109
Variance		1.368	1.332	.982	1.143	1.698	1.229

Source: Survey data computed in SPSS. May, 2023

Regarding to partnership as a measure of strategic alignment in EIC, the respondents' perception is close to moderate from sale of 5; the mean for the first statement is 2.96 and 2.68 for the last statement (refer Table 4.9).

Table 4.10: Scope and Architecture - Description Statistics

		EIC's primary systems are business strategy enablers/drivers (IT is a catalyst for changes in the business strategy)	EIC's IT standards are defined and enforced across functional units	The components of EIC's IT infrastructure are evolving with business partners	Most of the time, a business or IT change is transparent across the organization and to business partners/alliances	EIC's IT infrastructure is viewed as a resource to enable and drive fast response to business and technology changes
N	Valid	112	112	112	112	112
	Missing	0	0	0	0	0
Mean		2.59	2.59	2.64	2.66	2.86
Median		2.00	2.00	2.50	3.00	3.00
Mode		2	2	2	2	2

Std. Deviation	1.119	1.119	1.146	1.095	1.307
Variance	1.253	1.253	1.313	1.199	1.709

Source: Survey data computed in SPSS. May, 2023

Scope and Architecture as one sub variable to strategic alignment, a respondent has assessed EIC from scale of 5. The mean for the first statement is 2 (low scale wise) and 2.86 (close to moderate) for the last statement (refer Table 4.10).

Table 4.11: Skills - Description Statistics

		Innovation is strongly encouraged at the functional unit and corporate level	Top management makes important IT decisions across the organization	Change readiness programs are in place at the corporate level and we are proactive and anticipate change	Job transfers regularly occur for all position levels not only within the functional units but also at the organizational level	Education and cross training is practiced across the organization	Trust and confidence that exist across IT and business units in our organization, is extended to external customers and partners	Effective programs are in place to attract and retain the best IT professionals with both technical and business skills
N	Valid	112	112	112	112	112	112	112
	Missing	0	0	0	0	0	0	0
Mean		2.36	2.63	2.25	2.29	2.66	2.36	2.32
Median		2.00	2.00	2.00	2.00	2.00	2.00	2.00
Mode		2	2	2	1	2	2	2
Std. Deviation		1.222	1.179	1.061	1.196	1.234	1.114	1.232
Variance		1.493	1.390	1.126	1.431	1.523	1.241	1.517

Source: Survey data computed in SPSS. May, 2023

Regarding to 'skills' as a measure of strategic alignment in EIC, the respondents' perception is close to low from a scale of 5; the mean for the first statement is 2.36 and 2.32 for the last statement (refer Table 4.11).

IT acceptance

IT acceptance was evaluated by means of two sub-variables, namely perceived usefulness and perceived ease of use, through a series of inquiries posed to the respondents. This endeavor was undertaken with the objective of gathering dependable data for analysis, so as to investigate the phenomenon of IT acceptance. The following results were obtained from the descriptive analysis. The respondents response on the perceived usefulness of IT is high (refer Table 4.12) in which the mean for the first statement was 4.07 (scale wise it they agree) and 4.05 for the last statement. And regarding to perceived ease of use, the response could be taken as near to neutral from scale of as it showed a mean of 3.07 for the first statement and 3.50 for the last statement (refer Table 4.12).

Perceived Usefulness

Table 4.12: Perceived Usefulness - Description Statistics

		IT increases productivity	IT increases job performance	IT enhances effectiveness on the job
N	Valid	112	112	112
	Missing	0	0	0
Mean		4.07	4.11	4.05
Median		4.00	4.00	4.00
Mode		4	5	5
Std. Deviation		.965	1.051	1.081
Variance		.932	1.106	1.168

Source: Survey data computed in SPSS. May, 2023

Perceived Ease of Use

Table 4.13: Perceived Ease of Use - Description Statistics

		Learning to operate software, hardware and systems is easy	It is easy to employ IT in doing tasks	It usually takes a lot of effort to be skillful at using IT
N	Valid	112	112	112
	Missing	0	0	0
Mean		3.07	3.36	3.50
Median		3.00	3.00	4.00
Mode		2	4	4
Std. Deviation		1.105	1.030	.986
Variance		1.220	1.060	.973

Source: Survey data computed in SPSS. May, 2023

Table 4.14: Previous IS Success - Description Statistics

		Reducing the costs of the organization	Fulfilling staff requirements	Increasing the overall productivity	Improving the outcomes/outputs	Increasing the organizational capacity	Collaborating with other electronic transaction initiatives	Changing the business processes
N	Valid	112	112	112	112	112	112	112
	Missing	0	0	0	0	0	0	0
Mean		3.50	3.14	3.48	3.54	3.57	3.11	3.46
Median		4.00	3.00	4.00	4.00	4.00	3.00	4.00
Mode		4	3	4	4	4	4	4
Std. Deviation		1.170	1.130	1.107	1.230	1.137	1.338	1.230
Variance		1.369	1.277	1.225	1.512	1.292	1.790	1.512

Source: Survey data computed in SPSS. May, 2023

Pertaining to the previous IS success in EIC, the respondents has assessed from a scale of 5 to a list of statements. A result shows close to neutral, i.e. a mean of 3.5 for the first statement and 3.46 for the last statement (refer Table 4.14).

Organizational Performance

According to the model of the performance prism, the assessment of the organizational performance was conducted by utilizing various sub-variables, namely stakeholder satisfaction, stakeholder contribution, strategies, processes, and capabilities. These sub-variables were evaluated through the application of performance indicators which were previously utilized in earlier research discussed in chapter 2. The descriptive analysis of the data collected from the study sample yielded the following outcomes.

Stakeholder Satisfaction

Table 4.15: Stakeholder Satisfaction - Description Statistics

		Delivery of services that meet customers' needs	New Services Development	Decrease in clients' complain	Improve the outcomes/ outputs
N	Valid	112	112	112	112
	Missing	0	0	0	0
Mean		2.89	2.46	2.61	2.86
Median		3.00	2.00	2.00	3.00
Mode		2	2	2	2
Std. Deviation		1.226	1.090	1.226	1.207

Variance	1.502	1.188	1.502	1.457

Source: Survey data computed in SPSS. May, 2023

As a sub variable to a measure of organizational performance, stakeholder satisfaction, respondents has replied to close neutral with a mean of 2.89 for the first statement and 2.86 for the last one (refer Table 4.15).

Stakeholder Contribution

Table 4.16: Stakeholder Contribution - Description Statistics

		Increase in customer retention and loyalty	Increase the level of collaboration with/from other electronic transaction initiatives	Increase the level of support from policy makers and government
N	Valid	112	112	112
	Missing	0	0	0
Mean		2.86	2.77	2.73
Median		3.00	3.00	3.00
Mode		2	2	4
Std. Deviation		1.207	1.230	1.280
Variance		1.457	1.513	1.639

Source: Survey data computed in SPSS. May, 2023

The second sub variable is stakeholder contribution in which respondents has answered to close neutral scale wise (refer Table 4.16); a mean of 2.86 for the first statement and 2.73 for the last one.

Strategies

Table 4.17: Strategies - Description Statistics

		Cost reduction	Cost control	Achievement of strategic goals	Attain timely decision making
N	Valid	112	112	112	112
	Missing	0	0	0	0
Mean		2.96	2.98	2.79	2.64
Median		3.00	3.00	3.00	2.50
Mode		4	4	2	2
Std. Deviation		1.301	1.266	1.226	1.265
Variance		1.692	1.603	1.503	1.601

Source: Survey data computed in SPSS. May, 2023

The third sub variable was designed to assess the strategies of EIC as a measure of organizational performance. In this response also, the respondent has had a position of neutral

in scale of 5 and the mean is 2.96 for the first statement and 2.64 for the last one (refer Table 4.17).

Process

Table 4.18: Process - Description Statistics

		Increase responsiveness to clients requirements	Enhancement in business processes	Efficient flow of information between departments	Increase in the cooperation between departments
N	Valid	112	112	112	112
	Missing	0	0	0	0
Mean		2.91	2.95	3.07	3.18
Median		3.00	3.00	3.00	3.00
Mode		3	4	4	4
Std. Deviation		1.159	1.361	1.168	1.141
Variance		1.343	1.853	1.364	1.301

Source: Survey data computed in SPSS. May, 2023

The fourth sub variable as a measure to organizational performance was process. And the response has a mean of 2.63 for the first statement and 2.96 for the last statement (refer Table 4.18).

Capabilities

Table 4.19: Capabilities - Description Statistics

		Increase in innovation capabilities	Increase in organizational productivity	Development of effective training programs	Increase the organizational capacity
N	Valid	112	112	112	112
	Missing	0	0	0	0
Mean		2.63	2.93	2.66	2.96
Median		2.00	3.00	2.50	3.00
Mode		2	4	1[a]	4
Std. Deviation		1.281	1.367	1.333	1.407
Variance		1.642	1.869	1.776	1.981

Source: Survey data computed in SPSS. May, 2023

Regarding capabilities statements to the survey, the response from 112 respondents showed a mean of 2.63 for the first statement and 2.96 for the last one (refer Table 4.19).

4.4 Quantitative Data Analysis

The research hypothesizes are tested in this segment. Correlation analysis was used to examine the correlations between variables, reliability and validity testing, and regression analysis.

This study utilized a measuring instrument that consisted of a total of 68 items. These items were employed for the purpose of operationalizing the four constructs, namely Strategic Alignment, Technology Acceptance, IS Prior Success, and Organizational Performance. The current section provides a detailed discussion on the topic of missing data and normality tests. The utilization of these tests enables researchers to select the most appropriate assessments for obtaining improved predictions and dimensionality assessments.

4.4.1 Missing Data

In accordance with Field (2013), certain values were identified by SPSS as missing values, which can be attributed to either inadequate responses or mistakes during data entry. As outlined in chapter 3, a web-based survey was employed, where participants were able to progress only once all questions had been answered. Consequently, no missing values were present.

4.4.2 Normality

The examination of the variables for normality was conducted through the application of kurtosis and skewness tests. The conventional rule dictates that data is deemed perfectly normal and symmetrical when skewness is equal to 0. However, achieving a skewness value of 0 is challenging and improbable, particularly with regards to genuine data. In cases where the skewness value is less than -1, it indicates that the data is significantly skewed towards the lower end of the scale. In addition, if the skewness value is greater than +1, it denotes that the data is highly skewed towards the higher end of the scale. Data can be moderately skewed to the lower end of the scale when the value of skewness falls between -1 and -0.5, while data can be moderately skewed to the higher end of the scale when the value of skewness falls between 0.5 and 1. Data can be considered symmetric when the value of skewness falls between -0.5 and 0.5.

Another method for assessing normality is to apply a standard error of skewness multiplied by three, and if the resulting skewness value is less than the calculated value, it is deemed acceptable. Kurtosis is used to ascertain the degree of peakedness or flatness of data, and the

same rule applies to the analysis of kurtosis values. If the value is less than the product of the standard error of kurtosis and three, then it is deemed acceptable.

In this particular research inquiry, the data employed for the study underwent a thorough assessment of normality. The evaluation of the data's normality was ascertained via an analysis of the skewness and kurtosis values, which were extracted using the Statistical Package for the Social Sciences (SPSS). The skewness and kurtosis values for all variables under investigation were simultaneously examined to ensure their accuracy.

4.4.2.1 Normality of the Data

Table 4.20: Data Normality of the Variables

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Strategic_Alignment	112	.186	.228	-.594	.453
IT_Acceptance	112	-.710	.228	.484	.453
Prior_IT_Success	112	-.483	.228	-.552	.453
Organizational_Performance	112	.119	.228	-.799	.453
Valid N (listwise)	112				

Source: Survey data computed in SPSS. May, 2023

4.4.3 Correlation Analysis

In this study, arrays of variables were employed for analysis, each of which was depicted through distinct sub-variables. The representation of these study variables via other sub-variables was substantiated by literature derived from prior research efforts (Lufman, 2014). Nevertheless, it was imperative to subject these study variables to testing and analysis using SPSS to ascertain the veracity of their representation of a particular variable. The primary objective of the correlation analysis was to determine if there was any relationship between the sub-variables that were used to represent the main construct.

4.4.3.1 Strategic Alignment Sub Variables Correlation

Table 4.21: Correlations Between the Variables of Strategic Alignment

		Communications	Competency	Governance	Partnership	Scope_and_Architecture	Skills
Communications	Pearson Correlation	1	.730**	.634**	.554**	.599**	.588**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	112	112	112	112	112	112
Competency	Pearson Correlation	.730**	1	.673**	.608**	.611**	.550**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	112	112	112	112	112	112

Governance	Pearson Correlation	.634**	.673**	1	.580**	.527**	.558**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	112	112	112	112	112	112
Partnership	Pearson Correlation	.554**	.608**	.580**	1	.762**	.629**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	112	112	112	112	112	112
Scope_and_Architecture	Pearson Correlation	.599**	.611**	.527**	.762**	1	.660**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	112	112	112	112	112	112
Skills	Pearson Correlation	.588**	.550**	.558**	.629**	.660**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	112	112	112	112	112	112

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey data computed in SPSS. May, 2023

The strategic alignment variable was represented through different sub-variables such as communications, competency, governance, partnership, scope and architecture, and skills. In an attempt to validate this representation, the correlation between the sub-variables was measured.

Concerning strategic alignment sub-variables, the results are presented in Table 4.21, which depicts the outcomes derived from data analysis. Pearson correlation was employed to analyze the data, and the findings revealed that the sub-variable of 'communication' exhibited a strong correlation with other sub-variables: competency (.73), governance (.634), partnership (.5), scope and architecture (.599) and skills (.588).

The sub-variables in close proximity to the values indicate their correlation with 'communication'. The correlation value adjacent to 'competency' is 0.73, denoting that a single unit alteration in one variable can account for a 0.73-unit change in the other. As the correlation value is positive, it can be concluded that the relationship between the variables is directly proportional. The same holds true for the other correlation values adjacent to the scrutinized variables. Moreover, the correlation between communication and other sub-variables, such as competency, governance, partnership, scope and architecture, and skills, is significant, as the sigvalue is below 0.01 (Table 4.21).

Similarly, each sub variables, namely, communications, competency, governance, partnership, scope and architecture, and skills shows a positive and significant correlation against each other as shown in Table 21.

4.4.3.2 IT Acceptance Sub -variables Correlation

The acceptance of IT can be measured and represented by two sub-variables, namely perceived usefulness and perceived ease of use. In order to understand the relationship between these sub-variables, correlation analysis was employed. Upon applying Pearson correlation to the data, it was discovered that there exists a positive and significant correlation between the two variables. The analysis further revealed that perceived usefulness is significantly correlated with perceived ease of use, and vice versa, with a correlation coefficient of .596. The significant value of this relationship was found to be less than 0.01, thereby indicating a highly significant correlation as shown in Table 4.22.

Table 4.22: Correlations Between the IT Acceptance Variables

		Perceived Usefulness	Perceived Ease of Use
Perceived_Usefulness	Pearson Correlation	1	.528**
	Sig. (2-tailed)		.000
	N	112	112
Perceived_Ease_of_Use	Pearson Correlation	.528**	1
	Sig. (2-tailed)	.000	
	N	112	112

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey data computed in SPSS. May, 2023

4.4.3.3 Prior IS Success Sub-variables Correlation

To assess the prior success of Information Systems (IS) in the organization, a survey was conducted using various statements to collect responses from a sample set. In order to validate the suitability of the statements as study variables, correlation analysis was

Table 4.23: Prior IS Success variables Correlation

		Reducing the costs of the organisation	Fulfilling staff requirements	Increasing the overall productivity	Improving the outcomes /outputs	Increasing the organizational capacity	Collaborating with other electronic transaction initiatives	Changing the business processes
Reducing the costs of the	Pearson Correlation	1	.736**	.814**	.826**	.880**	.702**	.814**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000

organisation	N	112	112	112	112	112	112	112
Fulfilling staff requirements	Pearson Correlation	.736**	1	.708**	.710**	.665**	.669**	.717**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	112	112	112	112	112	112	112
Increasing the overall productivity	Pearson Correlation	.814**	.708**	1	.868**	.867**	.744**	.840**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	112	112	112	112	112	112	112
Improving the outcomes /outputs	Pearson Correlation	.826**	.710**	.868**	1	.875**	.633**	.775**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	112	112	112	112	112	112	112
Increasing the organizational capacity	Pearson Correlation	.880**	.665**	.867**	.875**	1	.694**	.814**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	112	112	112	112	112	112	112
Collaborating with other electronic transaction initiatives	Pearson Correlation	.702**	.669**	.744**	.633**	.694**	1	.857**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	112	112	112	112	112	112	112
Changing the business processes	Pearson Correlation	.814**	.717**	.840**	.775**	.814**	.857**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	112	112	112	112	112	112	112

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey data computed in SPSS. May, 2023

performed. The results of the analysis indicated a strong positive correlation among the statements. Additionally, the significance value for each relationship was found to be less than 0.01, indicating high significance. These findings are presented in Table 4.23.

4.4.3.4 Organizational Performance Sub - variables Correlation

The measurement of organizational performance is represented by various sub-variables such as stakeholder satisfaction, stakeholder contribution, strategies, processes, and capabilities. In order to determine the adequacy of this representation, a correlation analysis was conducted to examine the relationship between the sub-variables and ascertain if it accurately reflects the variable. Following the utilization of Pearson correlation for data analysis, the resulting outcome demonstrated that stakeholder satisfaction (1.00) was strongly and positively correlated with stakeholder contribution (.859), strategies (.795), processes (.887) and capabilities (.849) (Table 4.24).

Table 4.24: Organizational Performance variables Correlation

		Stakeholder Satisfaction	Stakeholder Contribution	Strategies	Process	Capabilities
Stakeholder Satisfaction	Pearson Correlation	1	.859**	.795**	.887**	.849**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	112	112	112	112	112
Stakeholder Contribution	Pearson Correlation	.859**	1	.824**	.862**	.842**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	112	112	112	112	112
Strategies	Pearson Correlation	.795**	.824**	1	.873**	.840**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	112	112	112	112	112
Process	Pearson Correlation	.887**	.862**	.873**	1	.891**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	112	112	112	112	112
Capabilities	Pearson Correlation	.849**	.842**	.840**	.891**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	112	112	112	112	112

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey data computed in SPSS. May, 2023

4.4.4 Reliability Test

4.4.4.1 Cronbach's Alpha

The reliability of the data collected was assessed through the use of Cronbach's alpha, a statistical tool utilized to gauge the degree of correlation among study variables. Essentially, the value of Cronbach's alpha serves as an indicator of the internal consistency of the variables incorporated into the model. A higher value of Cronbach's alpha denotes a stronger association among the variables, signifying greater reliability of the data. It is generally

accepted that a threshold of .70 signifies acceptable data reliability. Therefore, if the computed value of Cronbach's alpha exceeds .70, then the reliability of the data can be deemed acceptable. To conduct the reliability analysis, the transformed variables were integrated into the analysis.

The variables that have been included in the reliability analysis are the main construct of the study separately; namely, strategic alignment, IT acceptance, prior IS success, and organizational performance.

Following the completion of reliability analysis on the gathered data, an examination was conducted to assess the value of Cronbach's alpha indicating the variables, which was found to be .958, .835, .958 and .981 for strategic alignment, IT acceptance, prior IS success, and organizational performance, respectively (Table 4.25). This extracted data values significantly surpasses the conventional threshold of .70, signifying that the data possesses a high level of reliability and the variables included within the model are undeniably interconnected.

Table 4.25: Reliability Test

Cronbach's Alpha	N of Items
.958	36
.835	6
.958	7
.981	19

Source: Survey data computed in SPSS. May, 2023

4.4.5 Regression Analysis

Regression analysis was employed to examine the hypotheses posited in this research investigation. The following hypotheses are formulated as the focus of this study:

H1: *Prior IS success positively influence strategic alignment.*

H2: *IT acceptance positively influences strategic alignment.*

H3: *Strategic alignment positively impact organizational performance*

The conceptual model serves as the basis for presenting the research hypotheses and is described in detail. The variables were subjected to regression analysis to determine their acceptance or rejection and to test the hypotheses.

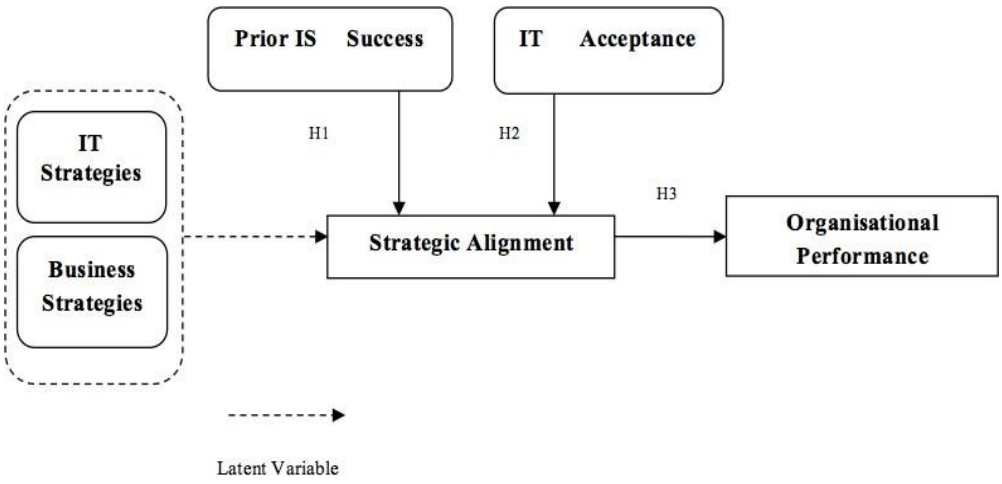

Figure 4.1: Conceptual Model for Strategic Alignment and organizational Performance

Hypothesis One

The first hypothesis theorizes that prior success with information systems has a positive impact on strategic alignment. To test this hypothesis, regression analysis was conducted through SPSS. By applying this method to the data, a correlations table was generated, revealing a robust and favorable association between prior IS success and strategic alignment, as can be seen in Table 4.26.

Table 4.26: Correlations between Strategic Alignment and Prior IS Success

		Strategic_Alignment	Prior_IT_Success
Strategic_Alignment	Pearson Correlation	1	.629**
	Sig. (2-tailed)		.000
	N	112	112
Prior_IT_Success	Pearson Correlation	.629**	1
	Sig. (2-tailed)	.000	
	N	112	112

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey data computed in SPSS. May, 2023

Table 4.27: Model Summary of Strategic Alignment and Prior IS Success

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.629[a]	.396	.390	.54488

a. Predictors: (Constant), Prior_IT_Success

Source: Survey data computed in SPSS. May, 2023

The findings of the analysis indicate that due to the presence of a single predictor variable integrated within the model, no factors were eliminated. The "model summary," which was derived by means of implementing regression analysis on the data, indicates that the R value is equivalent to the Pearson's correlation (.629). Additionally, the determination correlation, or R squared value, that was obtained from the analysis of the data is .396. (Table 4.27). This value illustrates the divergence in the model, as illuminated by the predictor variable. In this particular instance, the predictor variable accounts for 39.6% of the variance, signifying that it is an effective predictor. Furthermore, the sig value, which is represented by the ANOVA table, is 0.00, a figure that is less than 0.05 (Table 4.28). This clarifies that the model is statistically significant and can be employed to accurately forecast outcomes.

Table 4.28: Regression Between Strategic Alignment and Prior IS Success

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.410	1	21.410	72.114	.000[b]
	Residual	32.658	110	.297		
	Total	54.069	111			

a. Dependent Variable: Strategic_Alignment

b. Predictors: (Constant), Prior_IT_Success

Source: Survey data computed in SPSS. May, 2023

Table 4.29: Prior IS Success and Strategic Alignment Coefficients Table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.071	.173		6.207	.000
	Prior_IT_Success	.411	.048	.629	8.492	.000

a. Dependent Variable: Strategic_Alignment

Source: Survey data computed in SPSS. May, 2023

The examination of the data has resulted in the extraction of the "coefficients table," which has indicated that a single unit change in "prior IS success" is accountable for a 0.411 unit shift in "strategic alignment" (as shown in Table 4.29). Additionally, the coefficients table has clarified that the correlation between the variables is positive and significant, since the value is below 0.05. Consequently, the first hypothesis, which postulates that "prior IS success" will positively impact "strategic alignment," can be accepted.

Hypothesis Two

Hypothesis 2 states that strategic alignment is positively impacted by IT acceptance. In order to test this hypothesis, a regression analysis was conducted. The results of this analysis, specifically the correlations table, demonstrated that there exists a significant and positive correlation between IT acceptance and strategic alignment. This relationship was indicated by the sig value, which was less than 0.05 as shown in Table 4.30.

Table 4.30: Correlations between Strategic Alignment and IT Acceptance

		Strategic_Alignment	IT_Acceptance
Strategic_Alignment	Pearson Correlation	1	.390**
	Sig. (2-tailed)		.000
	N	112	112
IT_Acceptance	Pearson Correlation	.390**	1
	Sig. (2-tailed)	.000	
	N	112	112

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey data computed in SPSS. May, 2023

Table 4.31: Model Summary of Strategic Alignment and IT Acceptance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.390[a]	.152	.144	.64555

a. Predictors: (Constant), IT_Acceptance

Source: Survey data computed in SPSS. May, 2023

No variables were excluded from the model. Furthermore, the "model summary" indicates that the value of R is identical to that of Pearson's correlation (.390). However, the R square value is slightly lower compared to previously examined hypotheses. The correlation of determination, which represents the data in question, is .152, indicating that the predictor accounts for 15.2% of the variance. Despite this, the ANOVA table demonstrates that the sig value is less than 0.05, signifying that the model is statistically significant (Table 4.32).

Table 4.32: Regression Between Strategic Alignment and Prior IS Acceptance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.228	1	8.228	19.744	.000[b]
	Residual	45.841	110	.417		

	Total	54.069	111			

a. Dependent Variable: Strategic_Alignment

b. Predictors: (Constant), IT_Acceptance

Source: Survey data computed in SPSS. May, 2023

Table 4.33: IT Acceptance and Strategic Alignment Coefficients Table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.161	.301		3.860	.000
	IT_Acceptance	.354	.080	.390	4.443	.000

a. Dependent Variable: Strategic_Alignment

Source: Survey data computed in SPSS. May, 2023

The regression analysis has yielded a 'coefficients table' that indicates a unit change in 'IT acceptance' results in a .354 unit change in 'strategic alignment' (Table 4.33). Further, the sig value, as per the coefficients table, is below 0.05. These findings lead to the conclusion that Hypothesis 2, which suggests that 'IT acceptance' influences 'strategic alignment', is accepted.

Hypothesis Three

Hypothesis 3 states that organizational performance is positively impacted by strategic alignment. A similar statistical technique, regression analysis, was utilized to test this hypothesis. Examination of the data via a correlations table after analysis revealed a strong and positive correlation between strategic alignment and organizational performance. Moreover, the relationship was found to be statistically significant as the sig value was less than 0.05 (Table 4.34).

Table 4.34: Correlations between Strategic Alignment and Organizational Performance

		Strategic_Alignment	Organizational_Performance
Strategic_Alignment	Pearson Correlation	1	.627**
	Sig. (2-tailed)		.000
	N	112	112
Organizational_Performance	Pearson Correlation	.627**	1
	Sig. (2-tailed)	.000	
	N	112	112

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey data computed in SPSS. May, 2023

The analysis results reveal that the R value of the model summary is equal to the Pearson's correlation coefficient (.627). Additionally, the R square value, indicating the analysis, was found to be .394 (Table 4.35). Based on the value of R square, it can be inferred that the predictor accounts for 39.4% of the variation in the model, which is good. The ANOVA table derived from the data analysis indicates that the significance value is below 0.05 (refer to Table 4.36). This implies that the model employed for examining the association between the chosen variables is statistically meaningful.

Table 4.35: Strategic Alignment and Organizational Performance Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.627[a]	.394	.388	.84423

a. Predictors: (Constant), Strategic_Alignment

Source: Survey data computed in SPSS. May, 2023

Table 4.36: Regression Between Strategic Alignment and Organizational Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.872	1	50.872	71.378	.000[b]
	Residual	78.399	110	.713		
	Total	129.271	111			

a. Dependent Variable: Organizational_Performance

b. Predictors: (Constant), Strategic_Alignment

Source: Survey data computed in SPSS. May, 2023

The results displayed in the 'coefficients table' indicate that a change of 1 unit in 'strategic alignment' is accountable for a .970 unit change in 'organizational performance' (Table 4.37). The significance value associated with this relationship is less than 0.05. As a result, it is possible to conclude that 'strategic alignment' has a positive and meaningful influence on 'organizational performance'. This implies that Hypothesis 3 is proven to be valid.

Table 4.37: Strategic Alignment and Organizational Performance Coefficients Table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.431	.295		1.465	.000
	Strategic_Alignment	.970	.115	.627	8.449	.000

a. Dependent Variable: Organizational_Performance

Source: Survey data computed in SPSS. May, 2023

4.5 Findings

This research delved into the effects of strategic alignment on the performance of an organization. The study took into account various factors that shed light on the topic at hand. These factors were chosen based on previous research studies (Luftman 2014, Guterezz et al., 2011). The variables that were analyzed included prior IS success, IT acceptance, strategic alignment, and organizational performance. There were also two other latent variables present in the conceptual framework; however, these variables were not included in the analysis. The latent variables included in the framework were IT strategies and business strategies.

This study was designed with the aim of providing responses to the subsequent research questions:

Q.1 What factors could impact the attainment of strategic - IT alignment in Ethiopian Insurance Corporation?

Q.2 Does strategic alignment affect organizational performance in Ethiopian Insurance Corporation?

The present study proposes a conceptual model, which extends the Strategic Alignment Model (SAM), and incorporates two crucial factors, namely Prior IS success and IT acceptance. The primary objective of this research was to gain a better understanding of the Ethiopian Insurance Corporation through empirical investigation. Based on the empirical study, the following hypotheses were formulated:

H1: Prior IS success positively influence strategic alignment.

H2: IT Acceptance positively influences Strategic Alignment.

H3: Strategic alignment positively impact organizational performance

This study aims to investigate the correlation between the strategic alignment of IT and business, as well as the organizational performance of the Ethiopian Insurance Corporation. In order to achieve this objective, a conceptual model was developed based on a critical review of relevant literature in chapter 2. The model served to answer the research questions and test the hypotheses. All hypotheses were supported, with Pearson's correlation coefficient being measured between all links. In all cases, the ANOVA table indicated that the sig value was less than 0.05, meaning that the hypotheses were significant. The results suggest that

prior IS success and IT acceptance play a significant and positive role in strategic alignment, and that there is a strong correlation between strategic alignment and organizational performance. As a result, organizations seeking to achieve strategic alignment between business and IT must be cognizant of the influence of the identified factors.

The conceptual framework featured various variables, each of which was delineated by additional sub-variables that had been substantiated by prior research (Guterezz et al., 2011). Nonetheless, these sub-variables' capacity to accurately represent their respective variables was assessed by measuring the correlation among them to determine their efficacy in transforming into such a representation.

The variable of prior IS success was assessed through a series of questions posed to the sample group. These questions aimed to measure the level of assistance provided by previously implemented IS or IT projects in various organizational dimensions. The findings indicated that the assistance provided by these projects had a positive impact on cost reduction, staff requirements fulfillment, overall productivity increase, output improvement, and organizational capacity enhancement. A correlation analysis demonstrated a strong relationship between these dimensions, suggesting that the success of previously implemented IS or IT projects could be determined by the level of assistance they provided to different organizational functions in Ethiopian Insurance Corporation.

The assessment of the acceptance of information technology (IT) within an organization was conducted using two distinct sub-variables: perceived usefulness and perceived ease of use. To achieve a significant level of perceived usefulness, it was essential for IT to enhance the productivity, job performance, and overall effectiveness of the organization. Furthermore, to achieve satisfactory perceived ease of use, it was necessary for the acquisition of skills in operating software, hardware, and systems to be effortless; the utilization of IT in task completion to be uncomplicated; and the attainment of proficiency in using IT in require minimal effort.

The study aimed to examine the association between perceived usefulness and perceived ease of use towards identifying the most appropriate sub-variables that could be used to depict IT acceptance. The results showed a strong and significant correlation between perceived usefulness and perceived ease of use, indicating that the sub-variables were indeed the most suitable to represent IT acceptance.

The concept of strategic alignment, which is the focus of this study, was measured through a set of sub-variables, namely communications, competency, governance, partnership, scope and architecture, and skills. These sub-variables were utilized to illustrate how IT plays a crucial role in various organizational aspects, including communications, competency, governance, partnership, scope and architecture, and skills, all of which contribute to achieving strategic alignment in Ethiopian Insurance Corporation. The findings of this study suggest that these sub-variables are strongly correlated, and therefore, they represent the most suitable indicators of strategic alignment.

The present research examined various sub-variables to represent organizational performance, including stakeholder satisfaction, stakeholder contribution, strategies, processes, and capabilities. The representation indicated that the performance of the organization flourished when Ethiopian Insurance Corporation's strategies facilitated stakeholder satisfaction, stakeholder contribution, strategies, processes, and capabilities. To assess the cumulative representation of the sub-variables for organizational performance, correlation analysis was conducted. The sub-variables showed high correlation, thereby validating their representation of the organizational performance variable.

The present study has delved into the effects of strategic alignment on the performance of Ethiopian Insurance Corporation. To measure the strategic alignment between business and IT and the performance, the SAMM (Luftman, 2000) and the performance prism framework (Neely and Adams, 2001) were expanded. The summary of the hypotheses and the path coefficients of the regression analysis of the model are presented in Table 4.35. The results indicate that all of the paths were statistically significant and supported the associated hypotheses. The findings related to each hypothesis are discussed in the following subsections.

Table 4.38: Summary of the Hypotheses and Path Coefficients

Hypotheses	Expected Sign	Path Coefficient	t-value	Path Supports Hypothesis
H1: Prior IS success positively influence strategic alignment	+	0.629	8.492	Yes
H2: IT Acceptance positively	+	0.390	4.443	Yes

influence strategic alignment				
H3: Strategic alignment positively impact organizational performance	+	0.627	8.449	Yes

Source: Survey data computed in SPSS. May, 2023

The proposition that state prior success in Information Systems (IS) have a positive influence on the alignment of strategies. The assertion is supported by a statistically notable correlation between previous IS success and strategic alignment. This correlation was substantiated through the examination of variables by means of regression analysis.

The first hypothesis of the study states that success in prior Information Systems (IS) positively affect strategic alignment. The results show that there is a strong and highly significant correlation between prior IS success and strategic alignment, with a Pearson's correlation coefficient (R) of 0.629 (table 4.26) and R2 = 0.395, indicating that 39.5% of the variance in the model can be explained by prior IS success. Additionally, table 4.29 illustrates that a unit change in prior IS success leads to a .411 unit change in strategic alignment. Thus, it is concluded that the first hypothesis, which states that prior IS success positively impacts strategic alignment, is validated. This conclusion is supported by Chan et al. (2006), and Tallon and Pinsonneault (2011), who also found evidence of this relationship.

Therefore, it can be stated that previous successful implementation of information systems (IS) within Ethiopian Insurance Corporation (EIC)- where previous IS projects have provided benefits such as cost reduction, meeting staff requirements, enhancing overall productivity, improving outputs, and increasing organizational capacity are positively correlated with strategic alignment within the organization. This correlation is observed through the role played by IT in various aspects of organizational functioning such as communication, competency, governance, partnership, scope, architecture and skills, all of which contribute to the overall success of strategic alignment. The findings suggest that organizations that have achieved higher degrees of alignment have previously succeeded in implementing IS projects, leading to overall performance improvements. The analysis indicates that prior IS success has a strong impact on strategic alignment in EIC ($\beta = .629$, $\rho = .000$). It is important to note that the effect of prior IS success on strategic alignment is positive, thus inferring that previous instances of IS success in EIC have a significant and positive impact on strategic alignment. Therefore, Hypothesis 1 is accepted. Consequently, EIC is encouraged to emphasize their success in adopting technology and highlight the benefits and developments

gained from employing IT in order to increase the level of alignment between business and IT.

The second hypothesis posits that the acceptance of information technology (IT) has an impact on strategic alignment. The correlation between IT acceptance and strategic alignment is illustrated in Table 4.30, which shows a positive and significant correlation. The Pearson correlation coefficient between strategic alignment and IT acceptance is 0.390, according to Table 4.31, with an R2 value of 0.152. This indicates that 15.2% of the variance in the model can be explained by IT acceptance, which is slightly lower than the previous IS success but still significant. Furthermore, the coefficients table (Table 4.33) reveals that a one-unit change in IT acceptance is responsible for a 0.354 unit change in strategic alignment. Therefore, Hypothesis 2, which states that IT acceptance positively influences strategic alignment, is accepted. Various studies have investigated the factors that affect IT acceptance, including Cheng and Wang (2010), Crabbe et al. (2009), Dai and Palvia (2009), Lu et al. (2003), and Lu and Su (2009).

In chapter 3, it was demonstrated that the acceptance of Information Technology (IT) can be evaluated through two dimensions. The primary dimension is perceived usefulness, which relates to the extent to which IT enhances productivity, job performance, and overall effectiveness on the job. The second dimension is perceived ease of use, which refers to the level of simplicity in operating IT tasks, software, hardware, and other systems, without requiring much skill. This dimension is positively associated with strategic alignment, where IT plays a crucial role in various organizational areas, such as communications, competency, governance, partnership, scope, architecture, and skills.

The examination of the data collected from participants presents additional information that demonstrates the affirmation of IT acceptance within EIC has a positive and significant influence on strategic alignment ($\beta = .390$, $\rho = .000$). Consequently, we can acknowledge and support Hypothesis 2.

The third hypothesis exhibits strong and positive correlation between the study variables, as observed in Pearson's correlation coefficient 'R' between strategic alignment and organizational performance, which was found to be 0.627 (table 4.4). This value is notably high when compared to earlier correlations obtained, with R2 = 0.394, indicating that 39.4% of the variance in the model can be accounted for by organizational performance. Additionally, the coefficients table (table 4.37) indicates that a unit change in strategic

alignment is responsible for a 0.97 unit change in organizational performance. Consequently, Hypothesis 3, which claims that strategic alignment positively influences organizational performance, is accepted. These findings are consistent with the research of Yayla and Hu (2012), Tallon and Pinsonneault (2011), and Balhareth et al., (2013), who also confirmed the connection between strategic alignment and organizational performance.

The application of regression analysis in the examination of data indicates that the strategic alignment of Ethiopian Insurance Corporation has a significant influence on organizational performance ($\beta = .627$, $\rho = .000$). This finding suggests that it has helped organizations improve their performance in several areas, such as strategizing, stakeholder satisfaction, contributions, processes, and capabilities. It is worth noting that these results align with other studies conducted on this topic (Al-Adwan, 2014; Balhareth, et al., 2013; Parisi, 2013). Therefore, Hypothesis 3 can be accepted.

Chapter Five: Summary, Conclusion and Recommendations

5.1 Introduction

This particular chapter is dedicated to the presentation of the research findings, which are then closely associated with the research aim and objective. Additionally, a strategic roadmap is established in order to offer recommendations and identify potential avenues for future research.

5.2 Summary and Conclusion

As observed in literature, research on business IT alignment and its associated factors has been conducted separately, with a predominant focus on its correlation with financial metrics. Thus, the present study expands the current understanding of strategic alignment by examining its impact on the organizational performance of the Ethiopian Insurance Corporation, utilizing a comprehensive performance measurement tool. A proposed model highlights the factors influencing strategic alignment, and their corresponding effects on organizational performance. Chapter 2 discusses the challenges in sustaining equilibrium in strategic alignment, and highlights prior research that has examined factors that may impact it. This study adopts a more comprehensive approach by linking strategic alignment to organizational performance, while investigating the perspectives of IT and business executives, who are primarily involved in strategy planning and implementation. Furthermore, this research model is based on the theoretical premise that IT's strategic importance will position IT projects within the competitive business environment, directly linking business IT alignment with IT success and, consequently, organizational performance.

Chapter 2 of this research study is dedicated to exploring the strategic application of IT with a focus on the perspectives of IT and business managers. Recent research has highlighted the significance of aligning IT and business to facilitate the mediation of IT and business strategies and overall performance. This chapter also presents the theoretical foundation for the thesis, which encompasses the three primary research areas of strategic alignment: (a) factors influencing alignment, (b) measures of IT-business alignment, and (c) the impact of IT-business alignment on organizational performance. Moreover, the chapter provides a rationale and justification for the theoretical basis of the conceptual model and the methodology employed to measure strategic alignment.

Chapter 3 presented the primary constructs for examination based on the Strategic Alignment Model (SAM) as outlined by Henderson and Venkatraman's (1993) widely recognized and comprehensive model. This model served as the basis for the six variables introduced to the literature by Luftman (2000). In the context of this research, these variables were not analyzed as factors that influence strategic alignment. Rather, they were evaluated as measures for gauging the construct of strategic alignment.

Given the aforementioned considerations, the quantitative methodology outlined in chapter 3 was chosen for the purpose of investigating the alignment between business and IT within its contextual framework and examining the relationships posited by the conceptual model. The administration of a survey was utilized as a means of analyzing the interplay between the factors depicted in the conceptual model, and a data collection plan was devised to secure reliable and adequate information from the respondents. Given that EIC is actively striving to enhance their organizational performance through IT adoption, the levels of strategic business IT alignment within such organization offer a sound foundation for the proposed conceptual model.

The results of the analysis indicate that strategic alignment is considerably impacted by both IS success and IT acceptance, in addition to the other components of the SAM model. The analysis also validates the substantial influence of strategic alignment on the organizational performance. Furthermore, the research indicates that a high level of alignment between business and IT is the result of the positive impact of factors like prior IS success and IT acceptance.

Finally, the present study's results demonstrate that the IS or IT projects previously implemented in EIC have positively impacted strategic alignment through their contribution to cost reduction, staff requirements fulfillment, increased productivity, improved outputs, and enhanced organizational capacity. Furthermore, the study reveals that IT acceptance in EIC, in terms of perceived usefulness and ease of use, also influences strategic alignment between business and IT. Therefore, organizations must emphasize the successful adoption of IT projects, the benefits of IT adoption, and facilitate employee usage to achieve higher levels of alignment. Additionally, this study provides evidence that strategic alignment in various organizational processes, such as communications, competency, governance, partnership, scope and architecture, and skills, positively affects EIC's overall organizational performance.

5.3 Recommendations

Build on previous IS success: The positive relationship between previous IS success and strategic alignment suggests that organizations should build on their previous IT successes to improve alignment between IT and business goals. This can be achieved by leveraging successful IT projects and initiatives to inform future decision-making and planning.

Invest in IT acceptance: The positive relationship between IT acceptance and strategic alignment suggests that organizations should invest in IT acceptance initiatives, such as training and education programs, to improve alignment between IT and business goals.

Finally, for EIC and other companies to align their business and IT strategies: must first establish a shared vision collaboratively, clear communication channels must be established between business and IT leaders and to foster a culture of collaboration between business and IT teams, cross-functional teams should be encouraged to work together to identify opportunities for innovation and improvement.

5.4 Future Research

Technology is rapidly evolving, in accordance with Moore's Law, which asserts that computational power doubles every two years (Edwards, 1994). This means that technology that is heavily relied upon today may become obsolete the following year. Consequently, to investigate the subject under study, it would be beneficial for future research to employ a longitudinal study that spans several years, examining different time periods.

Although quantitative research has its merits, it also has its limitations. Therefore, future research should be conducted on a larger scale, with more participants from various contexts. It would also be intriguing to observe the extent to which results are influenced by the inclusion of a qualitative case study or a mixed methods approach in a similar context.

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APPENDICES

Appendix 1: Questionnaire

Addis Ababa University
School of Commerce
Department of Business Leadership
MBL

I'm a graduate student at Addis Ababa University's School of Commerce, and I'm now doing research in pursuit of my master's degree in business leadership. The aim of the project is to assess the impact of strategic alignment on organizational performance in Ethiopian Insurance Corporation. Organizations now place a lot of emphasis on alignment of their business and IT strategies. Thus, this study tries to quantify the degree of this alignment and the variables influencing it. I appreciate your cooperation and willingness to offer accurate information. Your information will only be used for academic purposes and will be treated with the utmost confidentiality. Please get in touch with me if you have questions about the study or need help filling out the questionnaire. Mobile: 0989992394, Email: lemegbaru99@gmail.com, Outlook address: Megbaru Abera Many Thanks!!

Section A – General Information

1. Gender

Male ☐ Female ☐

2. To which of the following business units you belong?

a) Non – IT Business Unit ☐
b) IT ☐

3. Your level of Education?

a) Diploma ☐
b) Bachelor degree ☐
c) Master's Degree ☐
d) PHD ☐

4. For how long have you worked at EIC?

a) < 5 Years ☐

b) 5 - 10 Years ☐

c) > 10 Years ☐

5. Your current position?

a) Top level management ☐

b) Middle level management ☐

c) Lower level management ☐

Section B - The level of Strategic alignment of Business and Information Technology

This section seeks to measure the alignment of IT strategies and business strategies in Ethiopian Insurance Corporation. Please select the level that best evaluate the situation by using a 1 to 5 Likert scale, Where 1= Very low, 2= Low, 3= Moderate, 4= High, 5= Very High

Strategic Alignment	Level of Alignment

6. COMMUNICATIONS Please select one rating for each statement	1	2	3	4	5
IT department understands the organization's business environment (e.g., its customers, competitors, processes, partners/alliances)					
Business departments understands the IT environment (e.g., its current and potential capabilities, systems, services, processes)					
Organizational learning occurs through formal, unifying, bonding methods, with feedback measures to monitor and promote effectiveness of learning					
The IT and business communication style is informal and flexible					
There is formal knowledge sharing at the functional unit level, at the corporate level, and with business partners/alliances					
EIC regularly use liaisons to facilitate the transfer of IT knowledge to the business and external partners and business knowledge to IT					

7. COMPETENCY Please select one rating for each statement	1	2	3	4	5
EIC use a balancing metrics by linking Business and IT metrics. These metrics are extended to our external partners (e.g., customers, vendors, outsourcers)					
EIC has service level agreements between the IT and functional departments and external partners/alliances					
EIC routinely perform formal benchmarks and have a regulated process in place to take action and measure the changes. (e.g., environmental scanning, data gathering and analysis, determining best practices)					
EIC routinely assess and/or review IT investments and have a formal process in place to make changes based on the results and measurements					
EIC has well established IT-Business continuous improvement practices and effectiveness measures in place					

The demonstrated contribution that the IT function has made to the accomplishment of the organization's strategic goals is very strong					

8. GOVERNANCE Please select one rating for each statesmen	1	2	3	4	5
EIC do formal strategic business planning at the functional unit and across the corporation with IT participation					
EIC do formal strategic IT planning at the functional unit and across the corporation					
EIC IT investment decisions are primarily based on IT's ability to create competitive advantage that enhance performance					
EIC has formal, regular committee meetings with demonstrated effectiveness that include IT and strategic business partners					
EIC's IT project prioritization process is usually mutually determined between senior and mid-level IT and business management					
The ability of the IT function to react/respond quickly to the organization's changing business needs is very strong					

9. PARTNERSHIP Please select one rating for each statement	1	2	3	4	5
IT is perceived by the business as a partner with the business that co-adapts/improvises in bringing value to the firm					
The role of IT in strategic business planning is co-adaptive to enable/drive strategic objectives					
Risks and rewards are always shared and EIC has formal compensation and reward systems in place that induce managers to take risks					
EIC has defined programs to manage relationships; both IT and the business comply with them, and are continuously improving them					
The relationship between IT and business is a long-term partnership and IT is a valued service provider					
EIC's IT - based initiatives often have a senior level IT and the CEO as the business champion					

10. SCOPE & ARCHITECTURE Please select one rating for each statement	1	2	3	4	5
EIC's primary systems are business strategy enablers/drivers (IT is a catalyst for changes in the business strategy)					
EIC's IT standards are defined and enforced across functional units					
The components of EIC's IT infrastructure are evolving with business partners					
Most of the time, a business or IT change is transparent across the organization and to business partners/alliances					
EIC's IT infrastructure is viewed as a resource to enable and drive fast response to business and technology changes					

11. SKILLS Please select one rating for each statement	1	2	3	4	5
Innovation is strongly encouraged at the functional unit and corporate level					
Top management makes important IT decisions across the organization					
Change readiness programs are in place at the corporate level and we are proactive and anticipate change					
Job transfers regularly occur for all position levels not only within the functional units but also at the organizational level					
Education and cross training is practiced across the organization					
Trust and confidence that exist across IT and business units in our organization, is extended to external customers and partners.					
Effective programs are in place to attract and retain the best IT professionals with both technical and business skills					

Section C – The Factors that Affect Strategic Alignment

This section seeks to assess the factors that affect the alignment of information technology strategies and business strategies in Ethiopian Insurance Corporation. Please response by indicating the extent to which each statement is applicable in EIC. Where 1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly agree

12. IT Acceptance Please select one rating for each statement		1	2	3	4	5
Perceived Usefulness	IT increases productivity					
	IT increases job performance					
	IT enhances effectiveness on the job					
Perceived Ease of Use	Learning to operate software, hardware and systems is easy					
	It is easy to employ IT in doing tasks					
	It usually takes a lot of effort to be skillful at using IT					

13. Prior IS success: The previously adopted IT projects have assisted in: Please select one rating for each statement	1	2	3	4	5
a) Reducing the costs of the organization					
b) Fulfilling staff requirements					
c) Increasing the overall productivity					
d) Improving the outcomes/outputs					
e) Increasing the organizational capacity					
f) Collaborating with other electronic transaction initiatives					
g) Changing the business processes					

Section D – Organizational Performance

This section seeks to assess the organizational performance of Ethiopian Insurance Corporation. Please response by indicating the extent to which you agree or disagree with each statement. Where 1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly agree.

14. Organizational Performance: Strategies that are currently adopted in EIC have assisted in: Please select one rating for each statement		1	2	3	4	5
Stakeholder Satisfaction	**Delivery of services that meet customers' needs**					
	New Services Development					
	Decrease in clients' complain					
	Improve the outcomes/outputs					
Stakeholder Contribution	**Increase in customer retention and loyalty**					
	Increase the level of collaboration with/from other electronic transaction initiatives					
	Increase the level of support from policy makers and government					
Strategies	**Cost reduction**					
	Cost control					
	Achievement of strategic goals					
	Attain timely decision making					
Processes	**Increase responsiveness to clients requirements**					
	Enhancement in business processes					
	Efficient flow of information between departments					
	Increase in the cooperation between departments					
Capabilities	**Increase in innovation capabilities**					
	Increase in organizational productivity					
	Development of effective training programs					
	Increase the organizational capacity					

Thank You !