



ARAB ACADEMY FOR SCIENCE, TECHNOLOGY AND MARITIME TRANSPORT

Graduate School of Business

**The Impact of IT/IS Strategic Alignment on Companies'
Performance: An Empirical Study on Egyptian
Pharmaceutical Companies**

By

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Abstract

An alignment or *fit* between an organization's objectives and IT/IS practices should be established in order for the organization to fully utilize its information assets and to derive competitive advantages. This study has investigated the strategic alignment between IT/IS strategy and business strategy in the pharmaceutical sector in Egypt. The purpose of this study is to determine the impact of the strategic alignment between business strategy and information systems (IS) on companies' performance. Using the proposed model, the study explored the impacts of this alignment on organizational performance. This study had two main objectives. First, to identify and operationalize the key variables required to assess the strategic alignment between business strategy and Information system strategies. The second objective is to use these variables to test two alignment perspectives; 'fit as moderation' and 'fit as matching' and their impact on company performance. The work of Venkatraman (1989) and Chan (1992) was used as a point of departure. They had explored the fit between IS and business strategies and had used strategic orientation as a basis for determining the fit (alignment).

The data for this study is collected through a survey of 160 pharmaceutical companies in Egypt. The survey questionnaire is used to collect the items used in the calculation of both business orientation and IT/IS strategic orientation. A regression analysis took place to validate the hypothesis.

The conclusion demonstrated that IT/IS strategies is a moderator that impact the relationship between business strategy and company performance. Another results was achieved by the study which is "a matching between IT/IS strategy and business strategy is associated with the organizational performance".

The value of the study lies in the development of a simple model which measures the alignment between business-IT/IS strategies and its impact on business performance. It also lies in the development of a robust formula for the calculation of alignment.

During the study, the researcher utilized her programming background to design a tool to measure the business strategy orientation and the IT/IS strategy orientation in order to assess any deviation between both measures. This tool will help practitioners analysing any company from the strategy level to give the appropriate recommendation.

From the finding, it is recommended that the pharmaceutical companies in Egypt should take IT/IS strategic alignment challenge seriously and should consider the alignment implication before moving ahead to implement a strategic plan.

Furthermore, the study finding revealed that the companies should not ignore the different dimensions of IT/IS strategic choices. They need to determine different profiles for their IT/IS strategy in order to support all aspects of business strategy that is most important for the organization. They should then direct the organizational IT/IS resources to support these profiles.

2.1 Introduction

2.2 Business

2.3 Information

2.4 Strategic

2.5 Companies

2.6 Conclusion

Chapter 3: Prev

3.1 Introduction

3.2 Scope

3.3 Method

3.4 Results

3.5 IT/IS

3.6 Outcome

3.7 Conclusion

3.8 Conclusion

Chapter 4: Method

4.1 Introduction