

# Strategic Alignment as an Antecedent of Customer Satisfaction: A Review of Literature

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**Abstract:** The economic globalization forces organizations to evolve in an ever more competitive, complex, and continuously changing and transforming environment. Business enterprises have to anticipate the market evolution triggered by changes in the environmental conditions, adopt strategic options for optimal fit, make a competitive value proposition, and to implement strategies able to establish and systematically address fundamental customers' concerns in pursuit of the strategic objectives. A vast body of empirical literature indicates that service quality and customer satisfaction have leads to profitability and better performance of firms in the market place. The growth and diversity in the international business has brought about new challenges and heightened the competition of firms across the globe and as such firms have been forced to reexamine themselves internally in order to improve their performance. Organization should leverage on strategic alignment to create customer experience that would results in repeat purchase, customer retention, brand loyalty and customer referrals. Strategic alignment enables organization is central to matching the organizations decisions with actions, operations, processes, resources and capabilities which support achievement of strategic goals. This study sought to review existing conceptual, theoretical and empirical literature on strategic alignment and customer satisfaction with a view to highlighting the knowledge gaps suitable to form basis for future research work. Existing empirical literature on strategic alignment is replete with evidence of results that are not conclusive, different conceptualization of strategic alignment as well as diversity of contextual variables. The review also revealed key indicators of customer satisfaction as one of the outcomes of strategic alignment in organizations. Ultimately, a set of relationships were for the dimension strategic alignment and customer satisfaction were modeled as a guide for future research work in the field of strategic management.

Keywords: Strategic Alignment, Customer Value and Customer Satisfaction

# **1. INTRODUCTION**

Theorist and practitioners in the field organizational management emphasize the significance of customer satisfaction for the success of businesses (Reck 1991; McColl-Kennedy & Schneider, 2000). The vast body of management literature presents strong evidence that organizations exists for the sole purpose of creating and delivering value to customers. In the views of Wadud (2012), the landscape of present day competition has become increasingly intense and dynamic as organizations are fast realizing the difficulties of sustaining the age-old price-based competition, and have as such woken up to the reality of the centrality of customer satisfaction in driving business success in the market place (Wadud, 2012). To achieve customer satisfaction, organizational strategies should be aligned to the purpose of the firm.

In the few past decades, the notion of strategic alignment has gained traction among researchers and practitioners (Sardana, Terziovski, & Gupta, 2016; Yousaf & Majid, 2016; Street, Gallupe, & Baker, 2018; McAdam, Miller, & McSorley, 2019) owing to its fundamental role in creation and delivery of value in organizations. Companies of every size, structures and operating in various industries of the economies are in search of strategies that bolster performance without forfeiting quality of value proposition to their customer and in turn customer satisfaction (Bhardwaj & Deshmukh 2013). Indeed, strategic alignment is a popular theme in strategic management literature, particularly with the realization that maintaining a much needed fit with the main concerns of the firm improves ability of

the organization to effectively respond to environmental pressure and dynamic needs of customers, with the attendant potential of enhancing the level of satisfaction of customer (Andrews & Beynon, 2011; Chi, Huang & George, 2020).

Effective strategic alignment is instrumental to addition of value to the products and services that are the core of the organization functions and thus has potential to enhance customer satisfaction (Abraham, 2018). For firms to meet customers' demands and expectations, organizations are supposed to become accustomed to the vague industry conditions by comprehending the varying needs of customers, as well as reacting to new entries in the market. With the rapid changes in the environment, the technological product life cycle has substantially rendering existing product obsolete due to inability to optimally match the rapidly changing needs of customers (Hosseini, Soltani, & Mehdizadeh, 2018). In this kind of environmental setting, competitive advantage founded on the existing stock of resources is difficult to sustain however unique these resources may be relative to those of other firms in the same industry (D'Aveni, 1994).

In the perspective of resource-based view, companies achieve and maintain a competitive advantage through adopting valuable resources so as to get hold of entrepreneurial rent (Wernerfelt, 1984; Barney, 1991). So, for an organization to be able to sense as well as take hold of opportunities in the ever changing operating environment, firms should have both the resources and capability to reorganize their accessible asset bases along with the processes (Teece & Pisano, 1994). Alignment of organization's plan, resources as well as technological capacities can cultivate a sound environment of building sustainable competitive advantage for organizations operating in rapid changing markets. In this case, organizations are expected to be capable of detecting the changes and comprehend their outcomes, and constantly reorganizing their processes and resource bases to fit the requirements of the business environment (Teece *et al.*, 1997). Therefore, organizations should have the capacity (Zahra et al., 2006; Teece, 2007) to put together, construct, and reorganize external as well as internal proficiencies so as to alter their operational abilities such that they address the quickly changing environment.

# 2. STATEMENT OF THE PROBLEM

In a business landscape characterized by environmental uncertainties and constant jostling for market share, organizations are committing substantial corporate resources towards find new and innovating ways to buttress customer perception. Notably, strategic alignment and its attendant dimensions constitute a fundamental ingredient for attainment and management of customer satisfaction. It has been observed that competitive advantage founded on the existing stock of resources is difficult to sustain however unique these resources may be relative to those of other firms in the same industry (Barney, 1991; D'Aveni, 1994).Strategic alignment as an intangible resource is instrumental to attainment of the match needed fit between business environment and value chain and thus has potential to enhance customer satisfaction(Porter, 1985; Grant, 2002; Abraham, 2018).Strategic alignment is the glue that is needed by firms seeking to effectively respond to the attendant pressure of environmental complexity and dynamism, and which enables such firms to remain competitive in the market place (Janz & Prasarnphanich, 2003; Kinyua, 2015). The fact that strategic alignment does not reside in a single individual makes a strong case for this resource as a driver of customer satisfaction.

The vast empirical literature in strategic alignment is associated with the advanced economies of the world(Turel, Liu & Bart, 2017; Angulo-Ruiz, Pergelova & Wei;2019), however, in the recent past a couple empirical studies that have also been conducted in emerging economies (Al Khalifa, 2016; Wilkins & Emik, 2019). A review of extant empirical literature has revealed glaring disagreement in the operationalization and measurement of the construct of strategic alignment (Sharma & Behl, 2020). Further, there is lack of uniformity of contexts in the existing body of empirical literature on strategic alignment implying that the findings in a given empirical context needs to be validated in other contexts (Al Khalifa, 2016;Turel, Liu & Bart, 2017; Angulo-Ruiz, Pergelova & Wei;2019;Wilkins & Emik, 2019). Similarly, the manifest methodological gaps (Muthaura & Kinyua, 2021) in the manner in which the various empirical studies on strategic alignment were carried out signifies a need for expending future research effort and attention on this research construct in the field of strategic management.

## **3. CONCEPTUAL LITERATURE**

### **3.1.** Concept of Strategic Alignment

Strategic alignment is a dominant theme in management literature that has arisen from the idea that firms should endeavour to create harmony between their stock of resources and the competitive context in which these firms are located (Andrews, 1971; Venkatraman & Camillus, 1984). Extant literature presents strong evidence that strategic planning had its origin in the military organisation, and underlies the need for strategic alignment as fundamental ingredient for facilitating fulfilment of the long-term purpose of a business enterprise (Albon, Iqbal, & Pearson, 2016). In recent decades, the concept of strategic alignment has attracted the attention of many researchers and practitioners at global, regional and local levels (Yousaf & Majid, 2016). Notably, organizations of all types, sizes and structures are searching for strategies that can reinforcefirm level performance while addressing the quality concerns of customers. Strategic alignment is at the heart of strategic management literature, in view of the fact that building and maintaining a good fit with the priorities of the organization enhances its responsiveness to environmental pressures and moves toward ahigher level of performance by integrating the main thrusts of the organization's goals and objectives (Chi *et al.*, 2020).

Early references to the idea of matching or aligning corporate resources with opportunities and threats can be traced to the work of Chandler (1962) and Andrews (1971). Much of the literature on strategic alignment has focused on the alignment of information technology strategy with corporate strategy. Henderson and Venkatraman (1993) were among the first to propose strategic adjustment and functional integration as key dimensions strategic alignment. In essence, emphasis was stressed on the need for harmony of business strategy, information technology strategy, organizational infrastructure and processes, and information technology infrastructure in the realization of business success. The concept of strategic alignment is rooted in the contingency theory in management. Its basic premise is that the balance between the organization's strategy and its environmental context has significant impacts on performance. A matter of fact, for an environment that is continually changing, it is necessary for strategic planning to change accordingly to maintain a balance or fit with the external environment.

Strategic alignment is primarily concerned with inherently dynamic adjustments between the internal and external domains of business, and dominant concerns being the content and process of strategy (Barnes, 2001). Strategic alignment creates harmony between the elements of strategy by ensuring that there is a focus on strategic achievement, not just organizational achievement (Powell, 2016). Weill and Broadbend (1988) conceives strategic alignment as integration between business strategy and information strategy. In this case information strategy is considered crucial for supporting and stimulating business strategy. Strategic alignment is important, as it can be used to build a strategically viable advantage that provide organizations with increased visibility, efficiency, and profitability in today's ever changing markets. It further allows an organization to respond more quickly to dynamic and changing business environments.

### 3.1.1. Perspectives of Strategic Alignment

A vast body of conceptual literature identifies strategy execution, technology potential, competitive potential, service level, organization information technology, information technology infrastructure strategy and information technology organization infrastructure as major perspectives of strategic alignment. Strategy execution perspective is anchored in the area of business strategy (Coleman & Papp, 2012). The goals of this perspective include reducing delays and errors, enhancing services and saving time, for instance task redefinition or paperwork routing (Henderson & Venkatraman, 2013).

The technology potential perspective is pivot on information technology strategy but is as well driven by the business strategy (McAdam, Miller, & McSorley, 2019). In this perspective, the relationship that exists between the business and its customers is considered vital (George & Desmidt, 2018). The competitive potential perspective is equally anchored in information technology strategy and impact on the domain of organization infrastructure (Chi, Huang, & George, 2020). This perspective focuses on how emerging new information technologies can influence and support new business strategies towards development of competitive advantage in the marketplace (Henderson & Venkatraman, 2013). The service level perspective is anchored in information technology strategy while it impact is in the domain of organizational infrastructure (Mousa, 2019). The focus of this perspective is ensuring that information technology improve the quality of delivery of products and services to the target segments of the market. Service level perspective also assesses how information technology can improve the businesses own processes (George & Desmidt, 2018). Further, organization information technology infrastructure perspective is anchored in organization infrastructure and is impact is confined to the domain of information technology strategy (Luftman, Papp, & Brier, 2018). As a perspective, organization information technology infrastructure results in process improvements from information technology and the application of value to the business processes (Papp, 2019).

In addition, information technology infrastructure strategy is a perspective that focuses on improvement of information technology strategy based on the implementation of emerging and existing information technology infrastructures (Luftman, Levis, & Oldach, 2014). As perspective of strategic alignment, information technology infrastructure strategy is anchoredin information technology infrastructure, with its dominant impact being realized in business strategy (Papp, 2019). Moreover, information technology organization infrastructure perspective is anchored in information technology infrastructure with its impact area being business strategy (Rashid & Simpson, 2019).

# 3.1.2. Dimensions of Strategic Alignment

Strategic alignment is a multi-dimensional construct that is classified as; product-oriented strategic alignment, quality-oriented strategic alignment, and marketing-oriented strategic alignment and empirically tested with organizational performance measures (Angulo-Ruiz, Pergelova, & Wei, 2019). Strategic alignment is also classified as information technology, employee involvement, organizational operations and customer involvement (Al Khalifa, 2016). Product-oriented strategic alignment often requires a tight linkage between business and IS for IT to be incorporated as an innovation into a product, service or process (Tarafdar & Gordon, 2007). Firms that constantly pursue innovation in IS are deemed to create and profit from sole IS that will possibly provide competitive advantages (Martinez-Simarro et al., 2015). The firm's IT can be embedded to reduce costs by enlightening productivity and efficiency (Mithas and Rust, 2016). Quality and productivity orientation are focused on attaining a greater level of service quality and internal efficiency (Marinova et al., 2008). Marketing-oriented strategic alignment includes customer relationship management, sales management, customer support, and market planning and research (Martinez-Simarro et al., 2015; Sabherwal & Chan, 2001).

Strategy management literature shows that the concept of strategy alignment (SA) belongs to the context of the science of management information systems, as it was presented for the first time by Henderson and Venkatraman (1993), who described SA as the degree of consistency and integration between the organization's strategies and its information technology strategies. Despite strategic alignment in the public sector being a neglected area of research (Jacobsen & Johnsen, 2020), the issue of SA is not limited to the field of information technology only, as the interrelated institutional constructs play an important role in understanding the complexity of institutional forces that influence organizations' strategic decisions (Angulo-Ruiz, Pergelova, & Wei, 2019). Consequently, several studies have employed other dimensions of SA, among these dimensions are "organizational operations" (Alcoba, 2014; Acur, Kandemir, & Boer, 2012), "employee involvement" (Biggs, Brough, & Barbour, 2014; Kaplan & Norton, 2007; Brush & Manolova, 2005) and "Customer involvement" (McAdam, et al., 2019; Acur, et al., 12).

The focus of this dimension is the improvement of information technology strategy based on the implementation of emerging and existing information technology infrastructures (Luftman, Levis, & Oldach, 2014). The anchor of this dimension is information technology infrastructure, which drives the pivot, information technology strategy, and thus impacting business strategy (Papp, 2019).

Information technology is considered as a strategic asset that can help provide the organizations in emerging markets with reputation and earn social support (Angulo-Ruiz, et al., 2019). Bhardwaj (2019) identified that both IT and knowledge management can be perceived as strategic enablers of organizational cognition. IT-business alignment literature highlights the importance of alignment between technology and business components, which claims mutual bolster and drive between business strategies, IT strategies, business processes and IT processes (Chi et al., 2020). Information

technology is the most common dimension in previous literature related to the issue of strategic alignment in organizations. However, the nature of this relationship and its characteristics are still uncertain (Al Khalifa, 2016).

Recently, organizations have become aware of the importance of information technology in many organizational aspects, such as managing knowledge effectively (Chen & Huang, 2008) and reducing operating costs, especially in public sectors. As in publicly funded not-for-profit organizations, the specific relationship between information and financial departments is critical, and when being positive, SA improves (Schobel & Denford, 2013). However, this should coincide with the synchronization of strategic objectives with information technology services (Price, 2016). Thus, the way to create value through investment in information technology is only through the SA that allows the best use of information technology in the organization (Turel, Liu, & Bart, 2017). Therefore, the integration between strategic planning and IT planning is constantly challenged to prevent misdirection of resources invested in information technology (Salles, Fantinato, Nishijima, & de Albuquerque, 2019). Failure in aligning efforts of knowledge management with the organization's strategic objectives is a great challenge (Bhardwaj, 2019).

Another dimension of strategic alignment concerns employees. Employees' involvement and efforts toward strategic goals are essential in order for organizations to achieve desirable results. In other words, organizational performance is the outcome of employee participation (Bourne, Pavlov, & Franco-Santos, 2018). Employees must maintain a cognitive and emotional state to focus on their work. Therefore, Kahn (1990) define employee participation as a positive emotion among employees with which they act according to the organization's utmost benefits and make discretionary efforts to achieve strategic goals.

Fredrickson (1986) confirms that participation in the strategic process is not limited to a small number of individuals who are at the top of the organization. Therefore, the horizon of strategic alignment must be expanded from the top management level to the lower levels for giving better opportunities to identify possible flows in the interrelationships of strategies in different organizational functions (Zanon, Filho, Jabbour, & Jabbour, 2017). Strategic alignment is conceived as a self-organizing culture phenomenon throughout the organization that includes self-perceptions of agreement between different stakeholders internally and externally on what is most important to the success of the organization (Hanson et al., 2011).

The employee strategic alignment could be understood as the similarity of perceptions of the importance of strategic priorities between individuals in the organization (Ates, Tarakci, Porck, van Knippenberg, & Groenen, 2020). Moreover, the consensus about strategy becomes an important factor (Zanon, Filho, Jabbour, & Jabbour, 2017). The consensus process is not only required during the strategy formulation but also when it is implemented (Nie and Young, 1997). However, in the Egyptian public context, public organizations are facing the problems of exclusion and injustice between different categories of staff, which decreases staff harmony (Mousa, 2019). Literature indicates that employees should not be charged with strategy implementation before the alignment is ensured (Ates, et al., 2020).

An organization operation is another dimension of strategic alignment. Due to the particular importance of organizational operations in strategy implementation, the researchers have stressed that the alignment in the functional processes enhances organizational performance and its purpose achievement, because it reduces language, thinking and physical barriers. It also allows the dissemination of more and faster information between different functions (Acur, Kandemir, & Boer, 2012) and ultimately achieves the overall objective of the organization effectively and efficiently (Salles, et al., 2019). The most challenging in operations alignment is the conflict between many of these operations, which arose from the objectives' discrepancy and the lack of appropriate frameworks for the interface between different functional processes (Zanon, Filho, Jabbour, & Jabbour, 2017). Thus, understanding the interactions between organizational functions can reduce conflict by exchanging views and values, this could be achieved when operations are reorganized with the organization's strategic priorities (Sardana, Terziovski, & Gupta, 2016).

Customers have attained a vital stature as a strategic alignment dimension in literature. Since all of the organization's efforts must primarily target the customer. Rather, the existence of any organization

stems from the value it provides for its customers, and this requires organizations to adopt maximum customer focus (Hofmann & Knebel, 2019), considering the literature that emphasized the importance of financial aspect (Schobel & Denford, 2013), customer "citizen" empowerment and participation (Henriques, de Vasconcelos, Pestana, & Rocha, 2019) in public sectors. Malshe, Friend, Al-Khatib, Al-Habib, and Al-Torkistani (2017)indicate that SA increases the effectiveness of marketing strategies and delivers superior customer value. Sen and Sinha (2018)used the term alignment as a strategy to facilitate customer relationship management. This form of customer focus must take into account the trade-offs between the organization and customers that support the SA (McAdam et al., 2019). Regarding the employee dimension, employees' satisfaction and motivation will influence service quality, which in turn influences customers' satisfaction and intentions (Balwant, Mohammed, & Singh, 2019). Referring to the IT dimension, academic literature on consumer research determined customer satisfaction as a vital evaluation criterion for the usage of IT (Olaleye, Ukpabi, Karjaluoto, & Rizomyliotis, 2019).

## 3.1.3. Adoption of Strategic Alignment in Strategic Management and Outcomes

Strategic alignment contributes to improved performance by optimizing the operation of processes/systems, and the activities of teams and departments. Goal-setting theory supports the relevance of clear, measurable operational objectives that can be linked to super ordinate goals. As a resource, strategic alignment ensure sound and effective functioning of organization in a given context (Christiansen & Higgs, 2008).

Strategic alignment is one of the main reasons that make business executives and top managements develop strategies to link business and IT in their organisations. It helps them adapt in the business environment that is shaped by the rapid developments of IT (Papp, 1995; Luftman, 1996; Rosemann & vom Broke, 2014). Strategic alignment was ranked as one of the top 10 concerns for many years in a row and as the top most concern in 2011 according to an annual survey of organisations based in the US (Luftman and Ben-Zvi, 2011). As a result, it attracts the researchers to develop more models and tools that can enhance the alignment between business and IT and improve performance.

A study by Pereira *et al.* (2014) contributed to the development of a tool to improve alignment between businesses and IS strategies. This was achieved by generating relative information related to prioritizing IS projects that meet business needs with the objective to achieve higher return on investment. A process model of reconfiguration of the firm's IT and organizational resources, competencies and capabilities was developed (Pelletier and Raymond 2014). The findings of the study showed that the alignment between strategic alignment and information system enhanced performance.

Owing to the importance of strategic alignment (Avison *et al.*, 2004), strategic alignment is hypothesized as having a positive impact on business performance and IT effectiveness (Chan &Huff, 1993). Researchers have proposed a number of tools and methods concerned with the assessment of strategic alignment, such as the 12-item measure of alignment, proposed by Kearns and Lederer (2003). Bergeron *et al.* (2004) also developed a tool for the measurement of IT strategy and IT structure in organizations, centered on assessing its effect on organizational performance. Another contributed to the research on alignment by covering some dimensions of the alignment (Amarilli, 2014). It has been demonstrated by past researchers that intangible resources of organization engender such outcomes as customer satisfaction (Muithya, Muathe & Kinyua, 2021), service delivery (Murerwa & Kinyua, 2021; Kiprono & Kinyua, 2021; Kanyoro & Kinyua), firm competitiveness (Ocharo & Kinyua, 2021), and firm performance (Gatuyu & Kinyua, 2020; Chesire & Kinyua, 2021) among others.

# **3.2.** The Concept of Customer Satisfaction

Customer satisfaction is a business philosophy demonstrating the ability as well as responsibility of meeting the needs of customers, predicting and managing their prospects, and emphasizing the significance of making value for them (Lager, 2018). Customer satisfaction might as well be described as a perception of a person either delighted or dissatisfied by weigh against the supposed performance of a product with regard to expectations of an individual (Mendoza, Marius, Pérez, & Grimán, 2007). Westbrook and Reilly (1983) found customer satisfaction as emotional reaction to the experience offered by specific services or products bought, sold out, or even molar patterns of behavior, in addition to the general marketplace.

Hunt (2012) found customer satisfaction as a procedure of assessment revealing that the experience was in any case equivalent to what it was meant to be. Wilton (2018) clarified on hunt definition where he alleged 'customer satisfaction is a procedure of consumer's reaction to the assessment of the perceived inconsistency between previous prospect and the real performance of the product as thought after its consumption'.

Satisfaction is the fulfillment reaction of customers. It is a judgmental that a service or product characteristic, or the service or product itself, offers a satisfying level of consumption based fulfillment (Oliver, 2015). This definition advances two sides where the first advance describes satisfaction as a last condition or as end-state ensuing from the consumption experience while the second approach highlights the perceptual, evaluative as well as emotional process that contributes to satisfaction (Evangelos & Yannis, 2018). Customer satisfaction is a product of effectively aligned strategies of an organization. Customer satisfaction if viewed in different perspectives. Customers are perceived satisfied when there is a repeat purchase, customer retention, brand loyalty, and customer referrals (Lager, 2018).

# 3.2.1. Measuring Customer Satisfaction

Now days, measuring customer satisfaction become an important issue to most of business organization. In this regard there is a rumored by Lord Kelvin (19th century) 'If you cannot measure something, you cannot understand it'. In recent decades importance of customer satisfaction has increased thus many organization considered measuring customer satisfaction should be set as a parameter. 'It also considered as reliable feedback and it provides as effective, direct, meaningful and objective way the customers' preferences and expectations (Gerson, 2016).

Wild (2014) and Hill (2016) affirmed that customer satisfaction measurement provides a sense of achievement and accomplishment for all employees involved in any stage of the customer service process and it motivates people to perform as well as achieve higher levels of productivity. Evangelos and Yannis (2018) mentioned in their book about main advantages of measuring customer satisfaction, one- measuring customer satisfaction helps to evaluate business current position against its competition and accordingly design its future plans. Second- Satisfaction measurement is able to identify potential market opportunities. Third, it helps to understand customer behavior and particularly to identify and analyze customer expectations, needs and desire. Fourth, it improves the communication to the whole clientele. Fifth, by this measurement it is also possible to examine whether new actions, efforts and programs have any impact on the organizations' clientele. Sixth, organizations weakness and strength against competition are determined, based on customers' perceptions and judgment. Seventh, personnel are motivated to increase its productivity.

Customer satisfaction is one of the most important issues concerning business organizations of all types. Business organizations try to give best service to the customer and also look for the reason that can increase the satisfaction level. Customer satisfaction is significantly influenced by the customer's evaluation of product or service features. Thus, firms also study concerning satisfaction what features and attributes of their services customer measure most and that firms measures the perceptions of those features and overall service satisfaction. In this regard, research has found that normally customers make trade-offs among service like, price level versus service quality or friendliness of personnel versus customization (Zeithaml et al. 2017).

Consumer emotions played a significant role with the product or services satisfaction. When a customer in a happy moment of life or positive frame of mind that influenced the service experience and feel good. Alternatively when customers passing through bad mood or negative feelings they might over react or respond negatively towards the service. It is normally seen that positive emotions had a stronger effect than negative one. Specific emotions may also be influenced by the consumption experience itself, influencing consumes' satisfaction with the service (Howard, 2018).

Attributions are a cause to influence perceptions of satisfaction. Even when customers do not take responsibility for the outcome, customer satisfaction may be influenced by other kinds of attributions. Like sometime customers do not take any consideration of fault made by the personnel, if they found it rarely happens or it is beyond an agent's control (Hunt, 2017). Perception of equity and fairness has a great impact on customer satisfaction. Customers usually think about whether they treated fairly compare to other customer, was the price eligible for the service, was they get good service. These

senses of fairness are central to customer satisfaction, particularly in service recovery situations (Zeithaml et al. 2017).

Customer satisfaction not only depends on the product or service features, one's own experience rather it also influenced by other customer perception, experiences and so on. As for example, family members' satisfaction or dissatisfaction influenced tremendously towards particular service, like a vacation trip. Sometimes friends and families other member experience stopped thinking of that service (Hunt, 2017).

Customer loyalty means sticking with a supplier who treats him well and gives him good value in the long term even if the supplier does not offer the best price in a particular transaction (Lovelock & Wirtz, 2017). Evangelos and Yannis (2018) also mention in their book that customer loyalty is much more than repeat purchases. They might not buy products frequently, but they drive business top-line growth. Loyal customer's recommendation to their friend, family and colleagues indicate that business give the best economic value of the product or service. Moreover, loyal customer indirectly increases the number of new customer at no charge to the company which on the other hand, increases the growth of the company.

Sivadas and Baker-Prewitt (2012) said, 'the ultimate objective of the customer satisfaction measurement should be customer loyalty. Actually satisfaction fosters loyalty to the extent that is prerequisite for maintaining a favorable relative attitude and for recommending and repurchasing from the supplier'. Only customer satisfaction is not enough in today's business perspective rather there has to be extremely satisfied customer, because it leads to customer loyalty. Some author also mention that building customer loyalty is not a choice for business, but it is the only way of building sustainable competitive advantage. Though there is no definite rule to create customer loyalty but study shown these following aspects might help to build that, firstly, focus on key customers, secondly, generating high level of customer satisfaction with every interaction proactively, thirdly, understand customer needs and demand, then respond to them before the competition does, fourthly, develop closer ties with customers and finally, create a value perception (Bonsal & Gupta, 2014).

### 4. LITERATURE REVIEW

An extensive review of the vast body of relevant theoretical and empirical literature was carried out as guided by the key construct in this conceptual review. This section therefore, presents the theories that underpin the construct of strategic alignment and customer satisfaction as well as related empirical literature.

### **4.1. Theoretical Review**

Two theories namely, contingency and expectation confirmation theory were reviewed as presented in the preceding section.

# 4.1.1. Contingency Theory

The proponent of contingency theory of leadership was Austrian psychologist Fred Edward Fiedler in his insightful 1964 article (A Contingency Model of Leadership Effectiveness). The theory gives emphasis to the importance of both the leader's character and the circumstances under which the leader operates (Fiedler, 1964). The findings of leadership behavior research conducted by researchers from Ohio State University in 1966 show that effective leadership behavior revolves around building good rapport and interpersonal relationships (Consideration); and initiation of structure that ensures task completion and goal attainment. Similarly, at about the same time, University of Michigan's Survey Research Center investigated group productivity to assess effective leadership behaviors. The findings are akin to the consideration and initiating structural behaviors identified by the Ohio State studies (Donaldson, 2001). In 1967, Fiedler, the proponent of contingency theory of leadership, isolated three variables that influence leadership effectiveness. The first variable is situational characteristics, and according to Fiedler, these are leader-member relations. It shows the extent to which the manager likes and is liked by subordinates or organization members. The second variable is task structure, and is shows whether the task and its processes are well structured and understood by the group members. The third variable that influences leadership effectiveness is leader-position power, and it shows the extent to which the manager is empowered through formal authority to do their work (Fiedler, 1967).

The essential feature of the theory is its behavioral approach that relates to the optimal fit of organizational structure based on contingent situations (Bastian & Andreas, 2012). It has no one best way of organizing; a leadership style that proved effective in one situation may not be most successful in another. Donaldson (2001) affirms that the contingency theory is concerned with leadership and situations, matching leadership style to situations. The style is either task motivated or relationship oriented, and situations-leader-member relations, task structure and position power. The leadership style is contingent upon both internal and external environment variables while effective leadership depends on how well the leader's style fits the context.

Contingency theory is a midrange theory that involves identifying and matching context settings with organizational settings (Hambrick 1983). Since the 1960s, a considerable volume of research has been conducted using contingency theory as the principal framework, relating the task environment to organizational characteristics (Burns & Stalker 1961; Emery & Trist 1965; Lawrence & Lorsch 1967; Woodward, 1965) or to strategic management (Hambrick 1983, Hofer 1975, Porter 1980).

Contingency theory suggests that the appropriate organizational structure and management style depend on a set of "contingency" factors (Tosi & Slocum, 2009). According to contingency theory, there is no best way of organizing; the appropriate form depends on the nature of the firm's task environment (Donaldson, 2016). Task environmental conditions are considered a direct source of variation in organizational forms. Some authors suggest appropriate forms based on the speed of environmental change (Burns & Stalker, 1961), rate of technological innovation (Woodward, 1965), or level of uncertainty (Lawrence & Lorsch, 1967).

Therefore it can be said that contingency theory is a class of behavioral theory that claims there is no best way to organize a corporation, to lead a company, or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situations. It is an approach to the study of organizational behavior, exploring the influence of both external and internal contingent variables such as technology, culture and the environment on functions and design of the organizational structure (Donaldson, 2016).

The assumption of the contingency theory is that the leader's ability to lead is contingent upon various situational factors. These include the leader's preferred style, the capabilities and behaviors of followers and also various other situational factors (Covin & Slevin, 1989). The adoption of contingency theory in strategic management arises because of conflicting research findings which could not satisfactorily be resolved within a universal framework. This serves as a stimulus for the development of contingency formulations. Concepts such as technology, environment as well as organization structure have been invoked to explain why management styles have been found to differ from one situation to another. This theory underpins the construct of strategic alignment (Hosseini, Soltani, & Mehdizadeh, 2018).

# 4.1.2. Expectation Confirmation Theory

Expectation confirmation theory (ECT) was originally developed by Oliver (1980) to explain consumer' confirmation impact satisfaction and, furthermore, satisfaction impact purchase intention. Many studies have employed ECT for various purposes: Liao, Palvia and Chen (2017) used ECT to explain and predict user behavior in information system (IS) acceptance and continuance; Premkumar and Bhattacherjee (2015) used ECT in computer-based tutorial usage; Lee (2018) applied ECT in an information system and an e-learning system; Lin, Wu, and Tsai (2016) examined ECT with regard to the intention to continue using information systems. Other researchers such as Liao, Chen, and Yen (2014), Roca, Chiu, and Martinez (2017), and Bhattacherjee (2001) all found that satisfaction was mainly determined by customer confirmation.

Bhattacherjee (2001) provided Expectation confirmation theory adapted from customer satisfaction/ dissatisfaction theory (CS/D) and explains information system continuance. The newly proposed ECT was different from customer (CS/D) due to several theoretical extensions. Expectation confirmation theory is focused on post-acceptance and post-consumption expectation factors. Another theoretical contribution of this model is the change in ex-post expectation where ECT is presented expectation with perceived usefulness instead of perceived performance. Bhattacherjee (2001) explained that for user's inner evaluation process and judgment both initial acceptance and continued use are the key variables and adding a same external variable will enhance the predictability. Finally, this model removed perceived performance from ECT claiming that customer satisfaction disconfirmation model CS/D was formulated with a difference of pre-adoption expectation and perceived post-adoption performance. Therefore, in ECT, the effect of perceived performance is captured in satisfaction and confirmation.

Expectation confirmation theory has been used in several studies conducted in online shopping or online Web continues intention. Author's such as Lin et al. (2015) extended the ECT with playfulness to investigate user's continuous intention toward Web portal. Findings revealed that playfulness, satisfaction, perceived usefulness and customer satisfaction significantly influence on user's intention to reuse website. Another study conducted by Li and Liu (2018) extended the ECT with word of mouth. Results revealed that perceived usefulness and satisfaction positively influence on user's continuance intention additionally perceived usefulness and user's continuance intention is positively influence the word of mouth (WOM) behavior.

Expectation confirmation theory comprises four main construct, namely, expectation confirmation, perceived usefulness, satisfaction and continuance intention. Confirmation is defined as the extent to which user perceives that their initial expectations are being confirmed during actual use. Therefore, in post-adoption context, Bhattacherjee (2001) explained that users' expectation grows with the increased experience, and post-adoption expectation will be based on the actual usage experience. User's will be satisfied, when internet banking service meet expectations which they had toward internet banking (Hoehle et al., 2012; Tsai et al., 2014). Perceived usefulness is another important construct of expectation conformation theory. According to Venkatesh et al. (2003), perceived usefulness is found to be stable variable to investigate user behavior, both initial and post-adoption stages. Earlier research has revealed the significant effects of expectation confirmation with perceived usefulness and satisfaction (Bhattacherjee, 2001; Thong et al., 2006; Tsai et al., 2014; Venkatesh et al., 2011).

The expectation confirmation theory assumes that satisfaction is directly influenced by disconfirmation of beliefs and perceived performance, and is indirectly influenced by both expectations and perceived performance by means of a mediational relationship which passes through the disconfirmation construct (Tsai et al., 2014). The expectation confirmation theory underpins the construct of customer satisfaction.

# 4.2. Empirical Literature Review

Angulo-Ruiz, Pergelova and Wei (2019) carried out a study on how government impacts the resourceseeking, market-seeking and technology-seeking motives for internationalization. The focus of the study was on differential impact of government promotional measures and government ownership on two internationalization variables: location and speed of internationalization of emerging market multinationals (EMNEs). The empirical setting for the study is Chinese companies that have internationalized via an equity based entry mode. The study employed 672 firm responses collected by the Asia Pacific Foundation of Canada and the China Council for the Promotion of International Trade. The study findings revealed that information technology is a strategic asset that can help provide the organizations in emerging markets with reputation and earn social support if effectively implemented.

Al Khalifa (2016) conducted a study to examine the impact of strategic alignment between business and IT on organizational performance of public organizations and depicts factors affecting this alignment. The development of the conceptual model, which guided this study, was based on prior research conducted in the field of strategic alignment, organizational performance, Information Systems (IS) success and IT acceptance. A web survey was sent to 413 executives of Bahrain public organizations. Data was collected using a web-based questionnaire from a sample of 163 participants, some of whom were IT executives, business executives or both. The results of this study implied a positive impact of strategic alignment on organizational performance of public organizations. It also suggested that IT acceptance and prior IS success significantly influence the strategic alignment in public organizations of Bahrain.

Chen and Huang (2008) carried out a study to examine the interdependent of knowledge management (KM) strategy and human resource management (HRM) strategy and find out how to integrate it with information technology (IT) as a whole to improve the business performance and enhance customer

satisfaction. Empirical data for hypotheses testing were collected from top-ranked companies in Taiwan; yielding 161 valid samples. Matching approaches were used to examine the performance implications of strategic alignment. The generated findings show that the reductionism perspective of fit as matching demonstrates a significant impact on business performance and customer satisfaction.

Turel, Liu and Bart (2017) explored key factors that help translate information technology governance by the board of directors into organizational performance. the study was a paper-based survey was administered to 472 directors who attended general corporate director governance training programs in Canada. Of the invitees, a sample of 98 board members, representing 98 distinct boards and 98 participating organizations, a response rate of 20.8% was achieved. The study findings reaveled that value is created by investing in information technology and through Strategic Alignment that allows the best use of information technology in the organization. Therefore, the integration between strategic planning and IT planning is constantly challenged to prevent misdirection of resources invested in information technology.

Hofmann and Kn'ebel (2015) conducted a study to provide new insights in the field of operations management decision-finding. It aims to combine manufacturing strategies with the service dominant logic in order to connect customer satisfaction. An analytic hierarchy process (AHP) is developed and applied within two case companies. A sensitivity analysis revealed that the manufacturing strategy selection changes when customer requirements vary. The sensitivity of manufacturing strategy alteration towards changing customer requirements is dependent on distinct product characteristics. The study findings revealed that the existence of any organization stems from the value it provides for its customers, and this requires organizations to adopt maximum customer focus.

Schobel and Denford (2016) carried out a study on how an effective relationship impacts individual effectiveness and strategic alignment. Findings from multiple case studies suggest that while the CIO and CFO pair are similar to other TMT relationships in many ways, their perceptions of the other's strategic role within the organization is a key differentiator that can lead to effective or adversarial relationships with individual and firm-level outcomes. The research model in the study suggested that when the relationship is positive, both individual role effectiveness and strategic alignment improve.

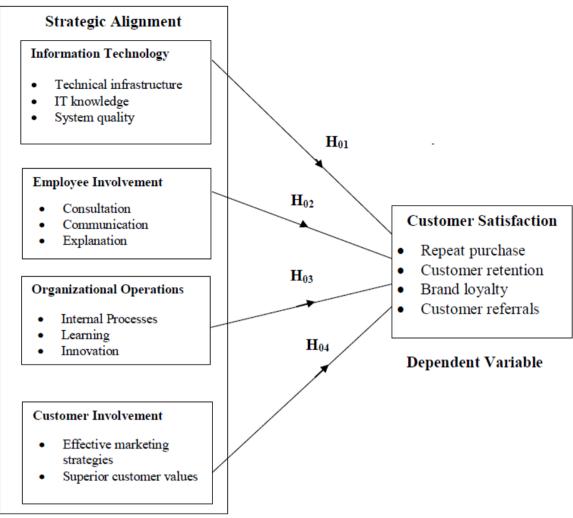
Henriques, de Vasconcelos, Pestana and Rocha (2019) discussed the paradox associated with the hundreds of contributions of the scientific community over three decades, mainly leveraged by the Strategic Alignment Model (SAM) and its perspectives, but whose benefits arising from its applicability to the real world are scarce. The hypothesis formulation involved interconnecting convergent concepts, such as Data Science, Artificial Intelligence, Machine Learning and e-participation, to potentiate the change of perspective, allowing achieving the desired strategic alignment. The findings of the study indicated that strategic alignment increases the effectiveness of marketing strategies and delivers superior customer value.

Muthaura and Kinyua (2021) analysis of the role of technological alignment on organization performance in the context of Commercial Banks in Nyeri County, Kenya. In this survey, technological alignment was measured in terms of product technological innovation, block chain technology and Fintech technology adoption. The study adopted descriptive research design and was cross-sectional in nature. A semi-structured questionnaire was used to gather observations from employees in the fourteen commercial banks that operates in Nyeri County. The study established that technological alignment has a positive contribution to performance of commercial banks. Nevertheless, the use of the rule of thumb to determine the sample size implied that the sample selected was not representative to support inferential analysis.

# 4.3. Proposed Theoretical Model

Theoretical model is imperative in helping to reveal the relationship between independent variables, moderating variables, mediating variables and dependent variable. In the case of this independent study, a theoretical model was proposed that illustrated the relationship between strategic alignment and customer satisfaction. This relationship is demonstrated in a chart marked as Figure 5.1.

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Independent Variable

Figure1. Proposed Theoretical Model

# Source: Author (2021)

The proposed model shows strategic alignment is the independent variable and customer satisfaction is the dependent variable. In this study, strategic alignment is measured by information technology, employee involvement, organizational operations, and customer involvement. Information technology is a very critical construct under strategic alignment. This is a strategic asset that helps provide an organization with reputation and earn social support. Information technology is very much useful in aligning strategies in organization to pursue better performance.

Organizational operations, as a construct of strategic alignment, enhance organization performance. This enhances internal capabilities of an organization enabling it to increase in its performance. Employee involvement in the formation and execution of an organization's strategies enhances performance of the organization as the views and perceptions of employees who execute the strategies are taken care of. Also customer involvement is very important as the organization gets to precisely know what the customer needs are for its success. Customer satisfaction as the dependent variable is determined by repeat purchase, customer retention, brand loyalty, and customer referrals. An organization that has effectively align her strategies experience more repeat purchase, loyal customers, the customers direct their friends and other people to the organization's products, hence the organization to strategically align their operations to achieve customer satisfaction and beat their competitors.

#### 5. CONCLUSION

The relationship between strategic alignment and customer satisfaction is assessed in this independent study. The main goal of this study was to suggest the most appropriate theoretical model that illustrates the relationship between strategic alignment and customer satisfaction. Through reviewing of theoretical literature and empirical literature, this independent study assessed the characteristics of strategic alignment including its parameters and understands how they affect customer satisfaction. The guiding principles and theories in this study were based on contingency and expectation confirmation theory.

In the study, an appropriate theoretical model is proposed and it helps in illustrating the relationship between independent variable and dependent variables comprising of strategic alignment customer satisfaction. Review extant literature revealed information technology, employee involvement, organizational operations, and customer involvement as fundamental dimensions of strategic alignment that have potential to impact on organizational outcomes. Similarly, the review of literature identified repeat purchase, customer retention, brand loyalty, and customer referrals as suitable indicators for measuring customer satisfaction. The propositions of the study besides enriching the empirical and theoretical literature on strategic alignment and customer satisfaction, also serve to guide scholars in the field of strategic management on prospective studies with potential to impact organizational outcomes and market performance in diverse industries and sectors.

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