Linking Business Strategy Orientation with IT Alignment: Influence on SAM, Innovation, Competitive Advantage and Business Performance

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Abstract. Environmental changes (globalization, competition, turbulence, uncertainty) force businesses to develop strategies, IT, and proper innovation (I) to create competitive advantage (CA), which affects sustainable business performance (BP). This conceptual paper aims to create a holistic model of business strategic orientation (SO) and information technology (IT) on strategic alignment (SA), innovation, and the impact on CA and BP. This research will take the population at Pelindo (SPTP) Surabaya, Indonesia. Business Performance Assessment uses the BSC and SEM approaches with Quantitative research methods. As a result of this research, it is hoped that SO and IT will influence SA, CA, and BP to develop new strategies to win the competition in the future.

Keywords: business strategic orientation, information technology, strategic alignment, innovation, competitive advantage, sustainable business performance, SEM.

1 Introduction

Business performance in its achievement requires the right strategy, information technology (IT), innovation, and competitive advantage to realize it. Regarding business strategy and performance, several dominant factors affect business performance (BP) [1, 2]. Factors that affect BP in addition to business strategy such as IT [3], the existence of a volatile economic environment [4], strategic alignment (SA) [5], competitive advantage [6, 7, 8], and innovation [9]. Business strategy orientation is an intangible resource of a business [10, 11]. Business strategy orientation can have a direct effect on BP [12, 13, 14, 5, 15]. The application of IT in a business has a positive impact on business performance [4]; improving IT in a business can improve business performance [16, 4, 17]. IT and SA have a stronger impact on business performance when there is alignment between business and IT than when each is independent [5].

The application of IT in a business can increase the competitive advantage of a business [7, 30, 18, 19]. It is one of the main elements of the creation of SA to improve business performance. Alignment strategies with innovation [18, 19] affect competitive advantage and its influence on improving business performance. Business strategy orientation, IT, SA, innovation, and competitive advantage are essential for sustainable business performance. By design, this study covers key elements that influence business performance strategy, information technology, innovation, and competitive advantage. Thus, this title reflects the broad scope of important variables often considered in business performance research. This ensures that the study covers various aspects relevant to the theme. Thus, this study will not

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only explore one factor but also how several factors interact to influence business performance. This includes an analysis of how business strategy, technology, innovation, and competitive advantage collaborate in a larger context.

2 Literature Review

This research focuses on how classical and modern organizational theories can be integrated with business strategy, IT, and innovation theories to improve business performance. This literature review will explain the relationship between the various theories underlying this research and how their incorporation and application can make significant contributions to the field of management and business strategy.

2.1 Classical and Modern Organizational Theories

Classical organizational theory emerged in the early 18th century, that is, since the emergence of the Industrial Revolution, marked by the existence of administrative and management schools pioneered by Frederick Taylor [32] and Henri Fayol [33], especially in the classical perspective. The modern perspective is represented by Ludwig von Bertalanffy [35]. Taylor, with his book "Principles of Scientific Management" [32], while von Bertalanffy, with his book "General System Theory" [35], initiated this idea in the 1940s. Seven concepts build Bertalanffy's general system theory, namely unity and interdependence, hierarchy, self-regulation, mutual relationship with the environment, equilibrium, ability to change and self-adjustment, and equifinality. From a modern perspective, a business organization can be seen as a system that processes inputs into outputs for consumption by the environment. The basic model of the organization is an open system, as shown in Figure 1.

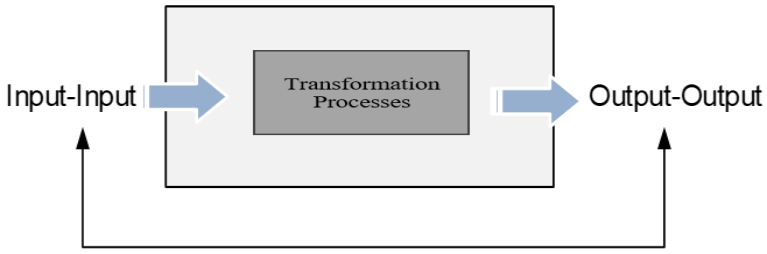

Figure 1. Basic Model of Organizational as an Open System
Source: Kusdi [68]

The classical organizational theory introduced by Taylor [32] and Fayol [33] emphasizes the importance of efficiency, systematic management, and a clear division of labor. Meanwhile, the modern organizational theory developed by Boulding [34], Beer [38], and von Bertalanffy [35] introduced a systems approach and emphasized the adaptability of organizations to changes in the external environment. This research tries to integrate elements of the two theories through the variables of business strategy orientation, IT, and alignment strategy, which is expected to improve business performance. In addition, the classic approach to administration and management has to do with the use of management and performance principles in structuring

and managing business organizations from internal aspects. From a systems perspective, a business is a system or an entity of interrelated parts. Among the management theories that apply from a systems perspective are the Resource-Based View (RBV) theory [10, 39], the competitive advantage theory [6, 7], and the innovation theory [27, 28].

2.1 Resource-Based View (RBV) Theory and Dynamic Capabilities

RBV (Resource-Based View) was first introduced by Barney in 1991 and is derived from the Resource-Based Theory (RBT) pioneered by Penrose in 1959 [38, 40]. RBV emphasizes that businesses compete based on resources and capabilities. The capability in question must meet the criteria of Value, Rare, Imperfectly Imitable, and Non-substitutability (VRIN). The difference in business resources and capabilities with competitors will provide a competitive advantage [10]. Teece [37] defined DCV (Dynamic Capability View) as the ability of businesses to integrate, build, and reconfigure internal and external competencies in the face of environmental changes such as globalization, competition, turbulence, uncertainty, and rapid technological changes [20]. Dynamic capabilities reflect an organization's ability to achieve new and innovative forms of competitive advantage.

Penrose [38] and Barney [40], in the Resource-Based View (RBV) theory, propose that unique and non-replicated internal resources are the key to achieving competitive advantage [38, 40]. Meanwhile, the dynamic capability theory introduced by Teece [37] highlights the importance of an organization's ability to respond to change quickly and effectively [20]. In the context of this study, the theory of RBV and dynamic capabilities is applied to IT variables and alignment strategies, which are seen as crucial elements in achieving superior business performance. According to RBV, the strategy is carried out by allocating resources to meet market needs when the business capabilities of competitors are insufficient so that it will provide effective results for the business [38]. Business resources and capabilities are important in a business-level strategy. Valuable resources that can influence various businesses are important in corporate-level strategies. Sustainable competitive advantage is obtained by implementing strategies that maximize the strength of internal resources through exploiting opportunities in the external environment, neutralizing threats from the external environment, and minimizing internal business weaknesses by creating VRIN.

2.1 Business Strategic Orientation Theory

The strategic direction implemented by a business to create the right behavior in obtaining competitive advantage and sustainable business performance compared to competitors is reflected in the implementation of business strategy orientation in a business organization [12]. Business strategy onboarding first uses the term *Organization Strategy* according to Miles [12]. There are four types of business strategy orientation behaviors from a comparative approach, namely: Prospectors, Defenders, Analysts, and Reactors [12]. Venkatraman complemented the business strategy orientation theory of Miles [12] [13] by adding a general pattern of the various means used to achieve business goals, with a special emphasis on the business unit level of the business hierarchy [13]. The operational measure of indicators related to business strategy orientation behavior, according to Venkatraman [13], consists of: (a) Aggressiveness; businesses with aggressive strategies to seek to increase a wider market share compared to competitors. (b) Analysis; analyze numerical data in detail to find the root cause of the problem and develop the best alternative solution as a way to solve the problem. (c) Defensiveness; Businesses with a strategy of sticking to core technologies and superior

product domains through the use of low costs and techniques to achieve operational efficiency. (d) Futurity; The extent to which decisions related to possible future events are seriously and focused. (e) Proactiveness; reflects the involvement of the business's proactive strategy in seeking new market opportunities. (f) Riskiness; the level of risk of the business. Venkatraman's (1989) research has developed the concept of business strategy orientation, which includes indicators such as aggressiveness, analysis, defensiveness, futurity, proactiveness, and risk-taking [13]. This business strategy orientation provides general guidance for companies in determining strategic steps to achieve their business goals. This study seeks to deepen the understanding of how business strategy orientation at the business unit level can be integrated with information technology and alignment strategies to drive business performance improvement.

2.2 IT Governance

IT, as a supporter of existing business strategies and service providers, has become the main factor in determining the direction of business strategy and becoming a strategic partner of the business to improve business performance [1]. This increase in IT investment will be a highlight for decision-makers in a business [14]. It requires a large investment invested by capital owners, both internally and externally, in a business to get business value through investment. The definition of IT Governance presented by Grembergen [46] is the capacity of a business to control the formulation and implementation of IT strategies and prepare guidelines for the right direction to achieve the goal of competitive advantage for businesses [15,47].

2.3 Strategic Alignment Model (SAM) Theory

Strategic Alignment Model (SAM) theory is an alignment between business and IT which is a process aimed at creating competitive advantage and business performance through developing and maintaining an alignment relationship between business and IT [16]. SAM is divided into two groups, namely "Strategic Fit" and "Functional Integration." "Strategic Fit" is recognized from the side of an IT strategy, which consists of external and internal domains (the relationship between external and internal components). External domains include how businesses position IT in marketplaces, while internal domains are how IT infrastructure is configured and managed by businesses. The external domain of IT consists of a) IT scope, b) Systematic competencies, and c) IT Governance. The internal domain of IT consists of a) IT Architecture, b) Processes, and c) Skills. The relationship between SAM domains is shown in Figure 2 [17].

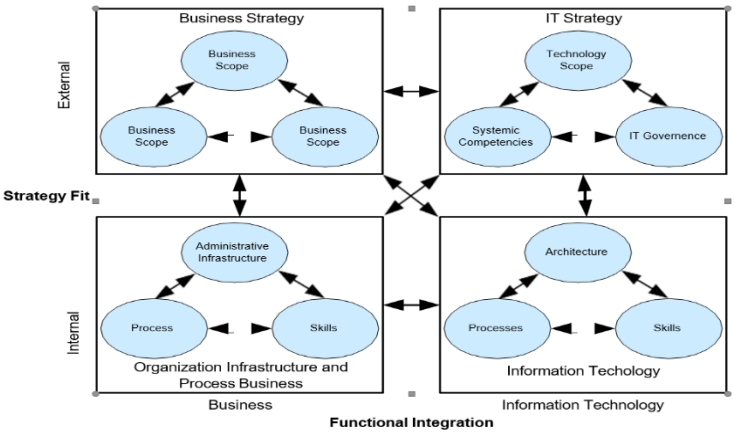

Figure 2. SAM
Source: Henderson et al., 1990

In essence, the Strategic Alignment Model (SAM) developed by Henderson [48] emphasizes the importance of alignment between business strategy and IT strategy. SAM consists of two main components, namely “Strategic Fit” and “Functional Integration.” Strategic Fit refers to the relationship between external and internal domains in IT strategy, while Functional Integration emphasizes strategic and operational integration between IT and other business functions. This study expands the application of SAM by examining how strategic and operational integration can improve business performance.

2.4 Innovation Theory

According to Schumpeter [21], it is a strategic stimulus for economic development. Innovation has long been recognized as a key driver in achieving competitive advantage. Schumpeter [21] was one of the early thinkers who emphasized the importance of innovation in the process of "Creative Destruction," in which innovation destroys old economic structures and creates new ones. Schumpeter divides innovation into five categories: product/service innovation, process innovation, market innovation, raw material innovation, and business innovation. This categorization provides a comprehensive framework for understanding the different forms of innovation that can be undertaken by companies [18].

Support for Schumpeter's theory comes from a variety of studies, including the work of Tidd [22], Kuczmarski [50], Baer [51], Quintane [52], Szuster [19], Chatzoglou [53], and Taques [54]. These studies emphasize that innovation is the key to creating a sustainable competitive advantage. Porter [30] also agrees with this view in his book "The Competitive Advantage of Nations", where he states that companies achieve competitive advantage through innovative actions, which include new technologies and new ways of doing things. Porter emphasizes that innovation can be realized in many forms, including new product designs, new production processes, new marketing approaches, or new training methods [19].

In the context of modern business, innovation is not only about creating something new but also about providing unique and different value to customers. As technology advances, especially the Internet of Things (IoT), customers want more than just products or services; they want a holistic and positive experience that involves easy access and 24/7 availability [55]. Businesses that can provide this kind of experience are more likely to outperform competitors and achieve sustainable business performance [20]. Chesbrough [27] introduced the concept of open and closed innovation. Closed innovation is an innovation that is carried out internally without involving external parties, while open innovation involves collaboration with external parties such as vendors, suppliers, and academic institutions. Chesbrough argues that successful innovation often requires an innovative business model, which can combine internal and external ideas to create value [21].

Rogers [28] developed the diffusion theory of innovation, which explains how new ideas and technologies spread in a culture [22]. He identified several attributes that affect the adoption of innovations, namely relative advantage, complexity, compatibility, testing capabilities, and observability. This theory helps explain why some innovations are successfully adopted while others fail [22]. Innovation is also often equated with invention, but the two have fundamental differences. Fagerberg [31] explained that invention is the first idea of a new product or process, while innovation is the first attempt to apply it in practice. Quintane [52] defined innovation as a product, process, software, idea, concept, etc., that is considered new in the environment in which it was introduced [23].

Innovation can be categorized into product/service innovation, process innovation, marketing innovation, and business innovation [16,56,54]. Product/service innovation aims to respond to customer demand or meet new market needs. Process innovation involves implementing new production methods to reduce costs or improve quality. Marketing innovation involves changes in design, packaging, or promotional strategies to increase sales. Meanwhile, business innovation includes the application of new business methods to improve efficiency and reduce costs [24, 25].

However, innovation also faces challenges and risks. The causes of innovation failure can be grouped into two types: failure due to customer rejection that does not want change (passive innovation) and failure caused by obstacles from the innovation product itself [29]. However, the main goal of innovation is to create added value for the business or make cost savings [26, 57]. Various factors can drive innovation, including new regulations, social and political situations, global issues, competition, IT advancements, and internal business needs [58]. Successful innovation can provide a sustainable competitive advantage, which is crucial in an ever-changing business environment [27].

2.5 Competitive Advantage Theory

The competitive advantage of a business is a resource owned by a business. CA is an ability that is superior to existing competitors, thus allowing businesses to provide more value-added compared to the superior value that competitors provide to customers [7]. Porter divides the two basic types of CAs that a business can have: low-cost and differentiated leadership, as in Figure 3.

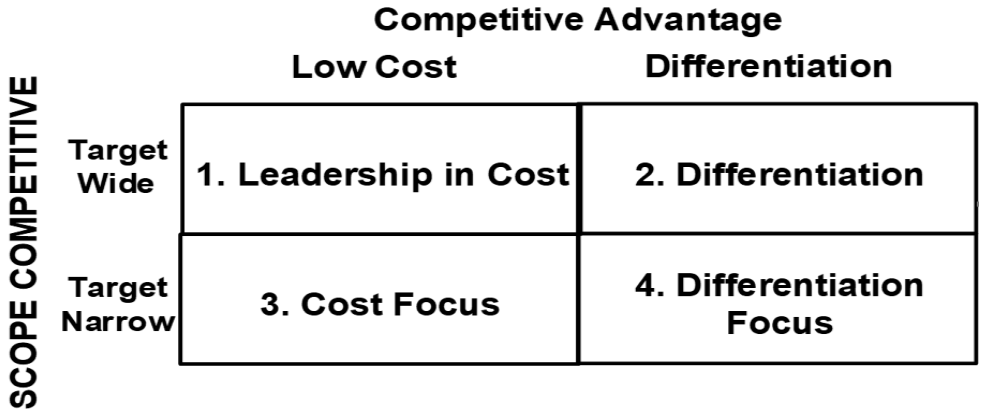

Figure 3. Porter's Advantages
Source: Porter, 1985

Cost leadership and differentiation in turn stem from the structure of the industry. Both result from the ability of businesses to overcome the five strengths better than competitors. The competitive advantage gained from cost leadership and differentiation strategies has a positive relationship with business performance. Previous research has shown that there is a positive relationship between competitive advantage and business performance, as evidenced in studies by [28,29,30].

2.6 Balance Scorecard (BSC) Theory

BSC is a strategic tool to measure whether a business's small-scale operations are aligned with larger-scale goals in terms of vision and vision

Figure ***4***.

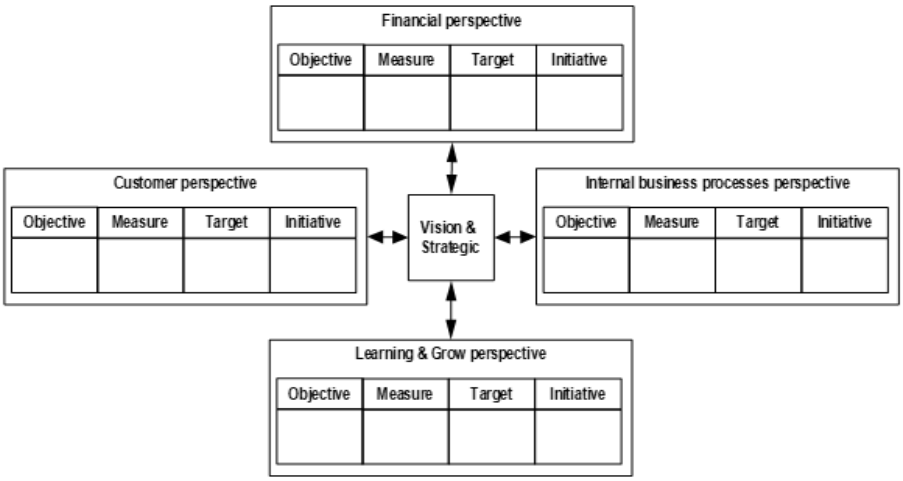

Figure 4 Balance Scorecard Kaplan et al.1996
Source: Kaplan et al.1996

BSC is a management system for businesses to invest in the long term. BSC has four perspectives, namely [42,43,44,45]: a) Financial Perspective; Financial objectives serve as the focal point for strategic objectives and measures of all perspectives in BSC. b) Customer Perspective; Businesses must identify customers and market segments in which they will compete. The most important element in a business is the need for customers. c) Perspective of internal business processes; Identify the most critical processes to achieve the goal of increasing value for customers (customer perspective) and the goal of increasing value for shareholders (financial perspective). d) Learning and Growth Perspectives; providing the infrastructure that enables the ambitious goals in all three perspectives to be achieved.

3. Methodology

This article is a conceptual model built from previous research, grand theory, middle theory, and applying theory. Some previous research has been elaborated to determine the research instrument that is suitable for this research topic.

Table 1. Mapping of Variables in Previous Research

Researcher, Year	Research Variables					
	SO	IT	SA	I	CA	BP
Wright *et al*., 1995	√	-	-	-	√	√
Barua *et al.*, 1995	-	√	-	-	-	√
Yolande et al.,1997	√	√	√	√	√	√
Kearns *et al*., 2000	-	-	√	-	√	-
Chan *et al.*, 2001	-	√	√	-	-	√
Baer *et al.*, 2003	-	-	-	√	-	√
Bergeron *et al.*, 2004	√	√	√	√	-	√
Rivard *et al.*, 2006	-	√	-	-	-	√
Stewart, 2007	-	√	-	-	√	√
Newbert, 2008	-	-	-	-	√	√

Chatzoglou *et al.*, 2011	√	√	√	-	-	√
Héroux *et al*., 2016	-	√	√	√	-	-
Lee *et al*., 2017	-	-	-	√	-	√
Yunis *et al*., 2018	-	√	-	-	√	√
Phong *et al.*, 2018	-	-	-	√	√	-
Bashir *et al*., 2018	-	√	-	√	√	-
Yoshikuni *et al*., 2018	-	√	-	-	√	√
Turulja *et al.*, 2018	-	-	-	√	-	√
Chatzoglou *et al.*, 2018	√	-	-	√	√	-
Pour *et al.*, 2018	√	-	√	-	-	√
Ilmudeen *et al.*, 2019	-	-	√	-	-	√
Wei *et al.*, 2020	-	-	-	√	-	√
Widjaja *et al.*, 2020	-	√	-	-	√	√
Ricardo *et al*., 2020	-	-	-	-	√	√
Gupta, 2020	-	-	-	√	-	√
This research	√	√	√	√	√	√

Source: The Authors, 2024

Furthermore, grand theory is used to determine the relationship between variables so that hypothesis research can be carried out and compiled. The type of data of this research is primary data (directly from the source) and the type of research. From previous research, questionnaires were prepared based on research needs, which contained closed questions and questions about the perception of structural employees related to the indicators of the research variables studied.

4. Result and Discussion

4.1. Conceptual Framework

Business performance in the classical period was pioneered by a scientist named Frederick W. Taylor in 1911 who belonged to the group of administrative and management schools of thought. Taylor specifically conducted a study of worker movements and the time spent to find efficient and effective patterns, which was then laid out in the form of a book known as Principles of Scientific Management . One of the concepts that is still used in the practice of performance-based business organization is the thought of Frederick W. Taylor. Another thinker who was on the same line as Taylor was Henry Fayol, who in 1916 developed a deductive method in search of efficiency and effectiveness. Fayol's approach is more general so that it can be applied not only in industries but also in various organizations [33].

Modern thinkers changed the view of business organizations which in the classical period were more focused on internal aspects (efficiency, effectiveness versus humanism) by adding a view of external aspects, namely the relationship between business organizations and the environment. This modern period no longer sees organizations as stand-alone units, but are related to what they call the environment [34]. Organizational theories in the modern period with their thinkers include Kenneth Boulding in 1956 with general systems theory, introducing the concept of system hierarchy [34]. Another thinker was Ludwig von Bertalanffy in 1959, whose ideas were outlined in the book "General System Theory". The interesting side of the Bertalanffy system is the holistic aspect; a system is not the same as the arithmetic summation of its constituent elements [35]. This holistic approach influences the development of business organization performance measurement [23].

The classical period that focuses on internal aspects was then relegated to middle range theory in the Resource-Based View (RBV) theory [38, 39, 40]. The modern period that adds external, environmental, and organizational aspects of business organizations can be reduced to the Dynamic Capabilities View (DCV) theory [20]. The sociotechnical perspective shows that the performance of a system is optimized when technology and organizations adjust to each other until a satisfactory match is obtained [17]. Technology and human behavior shape information systems. The sociotechnical approach involves management science, computer science, and operations science combined with psychology, economics, and social to produce optimal business organizational performance [17].

Adopting a sociotechnical perspective helps to avoid purely technological and purely social approaches. The strategic orientation of the business implemented by a business organization can create the right behavior in obtaining competitive advantage and sustainable business performance compared to competitors who do not implement it [12, 14, 1]. The application of alignment strategy theory, namely alignment between business strategy and IT strategy, can create a competitive advantage and more optimal performance of business organizations compared to business strategies and IT strategies that run separately [5, 17]. Business is also required to innovate, as initiated by Schumpeter in 1960, both in business processes, products/services, sales (marketing), and organizations in the form of internal improvements of business organizations to produce competitive advantages (CA) and optimal and sustainable performance of business organizations [21, 29]. Business productivity in conditions of no growth and increased competition, both from existing competitors and new entrants, as well as government policies, encourage businesses to orient business strategies [12, 14, 1], alignment between business and IT [5], innovation [21, 29], and competitive advantage [12, 6, 7] because these have a positive influence on business performance [17, 5].

4.2. The Influence of Business Strategy Orientation and Information Technology on Alignment Strategies, Innovation, and Impact on Competitive Advantage and Sustainable Business Performance

The influence of business strategy orientation (X1), IT (X2), alignment strategy (Y1), innovation (Y2), competitive advantage (Y3), and sustainable business performance (Y4) previous research was conducted in the environment of manufacturing, banks, and financial institutions. This research was conducted in the environment of port operators (different types of businesses) according to the suggestion/future research data of previous research which was used as a reference [5, 3,60]. The goal is to create and generalize, transform and update (novelty) models. The new model of business strategy orientation, IT, alignment strategy, innovation, and competitive advantage strategy to improve sustainable business performance previously did not exist in previous research data and there is no holistic literature on the model to be studied. This model will be developed with 12 hypotheses based on the conceptual model, namely: H1: SO affects BP. H2: IT affects BP. H3: SO affects CA. H4: IT affects CAs. H5: SO affects SA. Q6: IT affects SA. H7: IT affects I.H8: SA affects BP. H9: SA affects CA. H10: I affect CA. H11: I affect BP. H12: CA affects BP.

The Effect of Business Strategy Orientation on Business Performance (H1)

The results showed that the orientation of business strategy did not have a significant influence on business performance, with a path coefficient value of 0.069, a t-count of 0.674, and a p-value of 0.05. This shows that although the company has a clear strategic orientation, this is not enough to significantly improve business performance. In the context of SPTP, this may be due to various internal and external factors, such as reliance on government regulations, and unique market dynamics, or it may be because the implemented business strategy is not fully relevant or effective in improving the company's operational performance. The low f-square value (0.025) further strengthens that the influence of business strategy orientation on business performance in this study is relatively weak.

The Influence of IT on Business Performance (H2)

Information technology (IT) also did not show a significant influence on business performance, as shown by the value of the path coefficient of 0.043, t-count of 0.706, and p-value of 0.480. These results show that investment and use of IT in the context of SPTP do not necessarily contribute to improving business performance. Other factors, such as how IT is integrated into business processes or whether there is sufficient management support, can affect the effectiveness of IT in driving business performance. A very weak f-square value (0.005) indicates that IT does not have a meaningful practical impact on business performance in the context of this study.

The Effect of Business Strategy Orientation on Competitive Advantage (H3)

Interestingly, business strategy orientation was found to have a significant but negative influence on competitive advantage, with a path coefficient of -0.191, a t-count of 2.114, and a p-value of 0.035. This shows that reducing activities in business strategies can increase SPTP's competitive advantage. These results can be interpreted as an indication that in certain situations, reducing the focus on business strategies that may be ineffective or too rigid can make room for better flexibility and adaptation to market dynamics, thereby increasing the company's competitiveness.

The Influence of IT on Competitive Advantage (H4)

IT has a positive and significant influence on competitive advantage, with a path coefficient of 0.219, a t-count of 3.3137, and a p-value of 0.002. Although the practical impact is relatively weak (f-square 0.094), these findings confirm that the utilization of IT can be an important factor in increasing competitive advantage. In the context of SPTP, IT may play a role in improving operational efficiency, speeding up the decision-making process, and providing better access to information relevant to the market.

The Effect of Business Strategy Orientation on Alignment Strategy (H5)

Business strategy orientation was found to have a positive and significant influence on alignment strategy, with a path coefficient value of 0.593, a t-count of 5.052, and a p-value of 0.000. A high f-square value (0.454) indicates the significant contribution of business strategy orientation to alignment strategy, indicating that strategic alignment in a company is highly dependent on how well the strategic orientation is implemented. This means that companies that

have a strong business strategy orientation tend to be better at aligning their strategies with the goals and market conditions they face.

The Influence of IT on Alignment Strategy (H6)

Although IT has a positive influence on alignment strategies, the influence is not significant (path coefficient 0.165, t-count 1.548, p-value 0.122). This shows that although IT is important, its influence on the alignment strategy in the context of SPTP still requires support from other variables to be able to achieve significant results. IT likely needs to be integrated with other strategies or supported by strong managerial policies to truly support the alignment of strategies within the company.

The Influence of IT on Innovation (H7)

The results show that IT has a positive and significant effect on innovation, with a path coefficient value of 0.488, a t-count of 3.987, and a p-value of 0.000. This suggests that improvements in IT utilization can drive innovation in SPTP, which can include developing new products, improving processes, or implementing new technologies that can provide a competitive advantage.

The Effect of Alignment Strategy on Business Performance (H8)

The alignment strategy had a positive and significant influence on business performance, with a path coefficient value of 0.221, a t-count of 2.632, and a p-value of 0.009. However, the practical impact is still relatively weak (f-square 0.076), which shows that while alignment strategies are important, other factors also need to be considered to improve business performance further.

The Effect of Alignment Strategy on Competitive Advantage (H9)

The results showed that the alignment strategy had a positive and significant influence on competitive advantage, with a path coefficient value of 0.463, a t-count of 4.999, and a p-value of 0.000. This indicates that companies that can align their internal strategies well will be better able to compete effectively in the market.

The Influence of Innovation on Competitive Advantage (H10)

Innovation also had a positive and significant effect on competitive advantage, with a path coefficient value of 0.445, a t-count of 4.477, and a p-value of 0.000. This shows that innovation is one of the main keys to maintaining and improving the company's competitive advantage.

The Influence of Innovation on Business Performance (H11)

Although innovation has a positive effect on business performance, the results of this study show that the influence is not significant, with a path coefficient value of 0.148, a t-count

of 1.631, and a p-value of 0.103. This may indicate that innovation in the context of SPTP has not been fully optimized or has not had a significant direct impact on business performance.

The Effect of Competitive Advantage on Business Performance (H12)

Finally, competitive advantage was found to have a positive and significant influence on business performance, with a path coefficient value of 0.509, a t-count of 6.287, and a p-value of 0.000. This confirms that the company's ability to maintain its competitive advantage directly contributes to improved business performance.

4.3 Discussion

This part provides a thorough discussion and analysis of the research model, highlighting the direct influence of the most dominant variables in the pathways that connect all the variables in the model. This discussion is designed to provide a deeper and more comprehensive understanding of the research model developed, thus allowing for a more complete interpretation of the analysis results. Based on the analysis of the 12 hypotheses proposed in the research model, which consisted of 6 variables, it was found that 8 hypotheses were accepted, while 4 hypotheses were rejected. In particular, 7 direct influences showed positive and significant results, one negative and significant influence, and 4 hypotheses with direct influences showed positive but insignificant results. A summary of the influence between variables is presented in the form of a matrix in Table 2. Based on this table, the variables can be grouped into four segments, each showing the most dominant variable.

Table 2. The Dominant Variable

Variable		Variable Output		
	Strategy Alignment	**Innovation**	**Competitive Advantage**	**Business Performance**
Business Strategy Orientation	**0.593***		-0.191	**0.069**
IT	0.165	**0.488***	0.219	**0.043**
Alignment Strategy			**0.463***	**0.221**
Innovation			0.445	**0.148**
Superiority Compete				**0.509***

Source: Data processing, 2023
Vulnerability:*) the dominant variable

Based on this, the author will discuss it comprehensively. First, Business Strategy Orientation does not have a significant effect on Business Performance. This study does not support the theory of Business Strategy Orientation [12][13] and the results of previous studies that show a significant influence of business strategy orientation on business performance [33, 37, 38, 39]. The results support previous findings by Lumpkin and Dess [61] and McGrath [13] [31, 36]. Second, IT does not have a significant effect on Business Performance. The results of this study do not support the theory of IT Governance [62,63, 46] and other studies that show the significant influence of IT on business performance [19, 24, 30, 33]. This study supports the findings of Loveman [64, 31]. Third, Business Strategy Orientation is negative and has a

significant effect on Competitive Advantage. This study does not support the theory of Business Strategy [12][13] and Resource-Based View [40] [33, 38]. The results showed negative and significant values, different from the results of previous studies by Lumpkin and Dess [61] and McGrath [13] [31, 36]. Fourth, IT has a significant effect on Competitive Advantage. This research supports the theory of IT Governance [62,63,46] and the Competitive Advantage theory Porter [7][30][19, 24, 25]. The results of this study reinforce the findings of other studies [33, 37]. Fifth, Business Strategy Orientation has a significant effect on the Alignment Strategy. This research supports the theory of Business Strategy Orientation [12][13] and SAM [12, 33, 49]. The results of the study reinforce the findings of Wright [14] and Yolande [59] [37, 38]. Sixth, IT has a non-significant effect on the Alignment Strategy. This research supports the theory of IT Governance [62,63,46] and SAM [49, 12, 19, 24]. These findings enrich the research results of Wright [14] and Yolande [59], [37].

Seventh, IT has a significant effect on Innovation. This research supports the theory of IT Governance [62,63,46] Innovation theory Schumpeter [21] [19, 25]. These findings reinforce the research of Bergeron [16] and Yunis [17][33, 37]. Eighth, the Alignment Strategy has a significant effect on Business Performance. This study supports the SAM theory [48,49] and strengthens the findings of Yolande [59, 12, 33, 37]. Ninth, the Alignment Strategy has a significant effect on Competitive Advantage. This study supports the SAM theory by Henderson [48,49] and strengthens the results of Yolande [59, 12, 33]. Tenth, Innovation has a significant effect on Competitive Advantage. This study supports the theory of Innovation Schumpeter [21] and strengthens the findings of Phong [65] and Bashir [66], [25, 37]. Eleventh, Innovation has a non-significant effect on Business Performance. This research supports the theory of Innovation Schumpeter [21] and the findings of Baer [51 and Lee [67], [25, 37]. Twelve, Competitive Advantage has a significant effect on Business Performance. This research supports the theory of Resource-Based View [38] [40] and Competitive Advantage Porter [6][7] [33, 37].

5 Conclusion

This conceptual study concludes that changes in the business environment, such as globalization, competition, turbulence, and uncertainty, require companies to develop appropriate business strategies, information technology (IT), and innovation to create competitive advantages that have an impact on sustainable business performance. The first finding shows that business strategy orientation does not have a significant effect on business performance. However, the “Analysis” indicator in business strategy orientation appears to be the most dominant. This result is contrary to several previous theories and studies which state that business strategy plays an important role in improving performance. In the context of information technology, this study found that IT also did not have a significant effect on business performance. This shows that although IT is considered an important element in business modernization, its existence does not always have a direct impact on improving performance. Interestingly, business strategy orientation has a negative and significant impact on competitive advantage. This shows that the strategy implemented may not always be effective and can reduce the company’s competitiveness, a finding that is different from previous studies. On the contrary, IT shows a significant effect on competitive advantage, supporting the view that well-managed technology can be a major driver in achieving competitive advantage. In addition, IT has also been shown to have a significant impact on innovation, emphasizing the role of technology in driving innovation processes in organizations. Strategic alignment has been shown to have a significant impact on competitive advantage and

business performance, emphasizing the importance of integrating and coordinating strategies in achieving optimal business goals. However, IT alone has not been shown to significantly impact strategic alignment, indicating that technology alone is not enough to ensure strategy is aligned with corporate goals. The study also found that innovation has a significant impact on competitive advantage, but not on business performance. This suggests that while innovation can strengthen competitive position, its impact may not be immediately visible in improved performance. Competitive advantage has been shown to have a significant impact on business performance, reinforcing the view that strong competitiveness is key to achieving superior business performance. Overall, the research confirms that the relationship between strategy, technology, innovation, and business performance is highly contextual and dependent on how these elements are implemented and integrated within the firm.

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