

# In Pursuit of Value: Reconceptualizing the Form and Function of Strategic IT Alignment under Environmental Dynamism

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## ABSTRACT

Executives continue to grapple with a variety of issues involving strategic alignment or the fit between IT and business strategy. For many firms, the rise of global competition, price wars, and increasing business uncertainty combine to frustrate efforts to forge tight alignment between IT and business strategy. In this paper, we examine the form of alignment among firms in stable and turbulent environments to determine whether the received view of alignment as fit between IT and business strategy is potentially limiting for firms in turbulent environments. Leveraging previous research on the resource-based view of the firm, we investigate the merits of aligning around adaptability – an alternative form of alignment in which IT and business strategy are independently aligned to the environment rather than to each other. Using data from a matched survey of 241 firms, we find that alignment between IT and business strategy contributes to IT business value in stable environments only – alignment has little impact on IT business value in turbulent environments. In examining this result, we determine that firms in turbulent environments resort to niche or simple business strategies while pursuing complex or multi-focused IT strategies. Although contrary to the received view of alignment, this alternative form satisfies current and future IT needs while offering a high degree of organizational adaptiveness. Our results highlight the need to reconceptualize the form of alignment in turbulent settings, transitioning away from alignment as fit between IT and business strategy to a form centered on flexibility and responsiveness to environmental change.

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