STRATEGY ALIGNMENT AND PERFORMANCE OF SELECTED INFORMATION TECHNOLOGY (IT) FIRMS IN ABUJA-FCT

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Abstract
In reality, many IT firms in FCT-Abuja struggle with poor strategy alignment, leading to fragmented decision-making processes, inefficiencies in operations, and suboptimal business outcomes. Therefore, this study examined the effect of strategic alignment on the performance of IT firms. Given the increasing complexity of IT environments, aligning strategy with organizational culture, leadership structures, and cross-functional coordination was essential for sustained competitiveness. A survey research design was adopted, with data collected from 149 respondents in IT firms. Multiple regression analysis was conducted to assess the impact of cultural, vertical, and horizontal alignment on firm performance. The results indicated that cultural and vertical alignment significantly influenced IT firm performance, while horizontal alignment did not show a statistically significant effect. Cultural alignment emerged as the strongest predictor, reinforcing the role of shared values in driving collaboration and efficiency. The study concluded that Vertical alignment also had a substantial effect on IT firms' performance. However, the study also concluded that horizontal alignment does not have significant effect on IT firms' performance. The study recommended that IT firms should prioritize cultural alignment by institutionalizing structured training programs to reinforce shared values and strategic objectives. Additionally, firms needed to improve vertical alignment by enhancing top-down communication and fostering a feedback-oriented leadership approach. Lastly, organizations needed to critically assess the relevance of horizontal alignment in their operational context and refine cross-functional workflows to optimize interdepartmental collaboration.
Keywords: *Strategy, Alignment, Information, Technology, Cultural, Horizontal, Vertical*

INTRODUCTION

Performance, in an organizational context, refers to the ability of a firm to achieve its strategic and operational objectives efficiently and effectively (Al-Hashem & Orabi, 2021). It encompasses various aspects such as financial outcomes, market share, customer satisfaction, innovation, and employee productivity (Gede & Huluka, 2023). Organizational performance is often measured using both financial indicators (such as profitability, return on investment, and revenue growth) and non-financial indicators (such as customer retention, operational efficiency, and employee engagement) (Smith & Thomas, 2024). A well-integrated strategy enables firms to optimize these performance metrics by ensuring consistency and coherence in decision-making and resource allocation (Nwabuatu, 2024).

In the information technology (IT) sector, performance is largely influenced by factors such as innovation, technological adaptability, service quality, and market competitiveness (Kamuri et al., 2025). IT firms in the Federal Capital Territory (FCT) Abuja, Nigeria, face numerous challenges that hinder optimal performance. These challenges include limited access to skilled labor, infrastructural deficiencies, regulatory constraints, and intense market competition (Tampio, 2023). Furthermore, many IT firms struggle with fragmented strategic approaches, where operational strategies are not effectively integrated, leading to inefficiencies and suboptimal performance (Saha, 2020). Addressing these challenges necessitates a comprehensive approach that emphasizes strategy alignment to enhance business agility, resource utilization, and overall competitive advantage (Tourani & Khatibi, 2021).

Given the significant role that strategy alignment plays in organizational success, it is imperative to investigate its effect on the performance of selected IT firms in FCT-Abuja (Gede & Huluka, 2023). Understanding the extent to which strategy alignment influences key performance metrics will provide valuable insights into best practices for strategic management in the Nigerian IT sector (Smith & Thomas, 2024).

In today's highly competitive business environment, organizations across the globe strive to formulate and implement strategies that enhance their overall performance (Al-Hashem & Orabi, 2021). Strategy serves as a fundamental framework that guides organizations in achieving their objectives, ensuring long-term sustainability, and responding to dynamic market conditions (Tourani & Khatibi, 2021). The alignment of strategy within an organization is crucial as it determines how effectively various components of the firm integrate to execute business objectives. Strategy alignment entails the harmonization of strategic activities and goals across different functional areas, organizational levels, and cultural contexts to create a coherent, unified approach to business operations (Rahul, 2024).

Scholars have identified several dimensions of strategy alignment, each playing a vital role in organizational performance (Gede & Huluka, 2023). However, this study aligns with the most commonly discussed dimensions, especially for small-sized firms: horizontal alignment (across different functional areas), vertical alignment (between different levels of the organization), and cultural alignment (shared values and beliefs supporting the strategy) (Smith & Thomas, 2024). The justification for focusing on these dimensions is based on their criticality in ensuring effective coordination, communication, and consistency in strategy execution (Nwabuatu, 2024).

Horizontal alignment refers to the synchronization of strategies across various functional departments such as finance, marketing, operations, and human resources (Kamuri, Wanjohi, Ismail, & Njeru, 2025). This ensures a seamless flow of resources and capabilities, reducing inefficiencies and enhancing overall organizational productivity (Tourani & Khatibi, 2021). Vertical alignment, on the other hand, focuses on the alignment of strategies between different hierarchical levels within an organization. It ensures that corporate strategies set at the top management level cascade effectively down to operational levels, fostering goal congruence and accountability (Rahul, 2024). Cultural alignment emphasizes the role of shared values, beliefs, and organizational norms in driving strategic objectives (Saha, 2020). When employees at all levels embrace and support the strategy, it leads to improved organizational commitment, motivation, and overall performance (Tampio, 2023).

Statement of the Problem

An ideal IT firm operates with a well-integrated strategy, ensuring seamless coordination across functional areas, alignment between different organizational levels, and a culture that supports strategic objectives. Such alignment enhances operational efficiency, promotes innovation, and drives superior business performance. When leaders effectively integrate their operating strategy, firms experience increased profitability, customer satisfaction, employee engagement, and market competitiveness.

However, in reality, many IT firms in FCT-Abuja struggle with poor strategy alignment, leading to fragmented decision-making processes, inefficiencies in operations, and suboptimal business outcomes. Misalignment between various functional departments, weak communication between hierarchical levels, and a lack of shared strategic vision contribute to performance challenges. Despite the growing body of literature on strategic management, there remains a theoretical gap regarding the specific impact of strategy alignment on small IT firms in Nigeria.

If this issue remains unaddressed, IT firms in FCT-Abuja may continue to experience operational inefficiencies, low innovation capacity, declining profitability, and reduced competitiveness in the market. Hence, the central objective of this study is to assess the effect of strategy alignment on performance of IT firms in FCT-Abuja. The specific objectives were to:

Objective of the study

i. examine the effect of cultural alignment on the performance of IT firms;
ii. assess the influence of horizontal alignment on the performance of IT firms; and
iii. determine the effect of vertical alignment on the performance of IT firms.

LITERATURE REVIEW

Strategy Alignment

Strategy alignment refers to the process of harmonizing various strategic elements within an organization to ensure coherence, synergy, and effectiveness in achieving corporate objectives. Scholars have emphasized that strategy alignment is essential for organizational success, as it ensures that different functional units and hierarchical levels operate in unison (AL-Hashem & Orabi, 2021; Tourani & Khatibi, 2021). It involves integrating corporate, business, and operational strategies to enhance efficiency, competitiveness, and market responsiveness (Beese et al., 2023). According to Al-Surmi, Cao, and Duan (2020), successful strategy alignment facilitates effective decision-making, resource allocation, and performance improvement across different sectors of an organization.

This research holds the view that strategy alignment is a deliberate and structured approach that enables organizations to synchronize their goals, actions, and culture to foster a unified and adaptive business model. Without proper strategy alignment, businesses may experience fragmentation, operational inefficiencies, and inconsistencies in decision-making (Smith & Thomas, 2024). Given the dynamic nature of industries such as information technology, aligning strategic efforts across departments and managerial levels ensures that IT firms can respond proactively to technological changes, customer needs, and market competition (Rahul, 2024).

Therefore this study defined Strategy Alignment as the process of ensuring that an organization's operational activities, resources, and goals are aligned with its strategic objectives. This alignment is crucial for maximizing efficiency, effectiveness, and overall success.

Cultural Alignment

Cultural alignment refers to the congruence between an organization's strategy and its internal values, beliefs, and behaviors. Research suggests that organizational culture significantly impacts how strategies are embraced and executed by employees (Saha, 2020; Kamuri et al., 2025). A well-aligned culture ensures that employees resonate with the strategic goals of the company, leading to increased commitment, motivation, and effectiveness in achieving corporate objectives (Abanumay & Mezghani, 2022).

This research views cultural alignment as the embodiment of strategic values within an organization's workforce, ensuring that employees not only understand but also internalize and support the corporate strategy. In IT firms, where innovation, agility, and customer-centricity are critical, cultural alignment helps foster a work environment that supports continuous learning, technological advancement, and collaborative problem-solving (Tampio, 2023). Without cultural alignment, strategic initiatives may face resistance, leading to ineffective implementation and poor performance (Gede & Huluka, 2023).

The study defined Cultural Alignment as the process of ensuring that an organization's culture its values, beliefs, behaviors, and practices—aligns with its strategic goals and objectives. A strong cultural alignment helps create an environment where employees feel motivated, engaged, and committed to the organization's mission.

Horizontal Alignment

Horizontal alignment refers to the coordination and consistency of strategies across various functional units within an organization. It ensures that departments such as marketing, finance, operations, and human resources work collaboratively towards a common objective rather than operating in silos (Gede & Huluka, 2023). According to AL-Hashem and Orabi (2021), horizontal alignment fosters interdepartmental synergy, enhancing productivity and operational efficiency. By ensuring that different business functions support and complement each other, organizations can maximize resource utilization and drive performance improvement (Tampio, 2023).

This research views horizontal alignment as the extent to which different functional areas in a business operate cohesively to avoid redundancy and inefficiencies. When departments fail to align horizontally, organizations may experience communication breakdowns, duplicated efforts, and strategic inconsistencies (Kamuri et al., 2025). For IT firms, where interdependence between various technological functions is crucial, ensuring horizontal alignment promotes a seamless workflow, accelerates innovation, and enhances service delivery to clients (Saha, 2020).

Vertical Alignment

Vertical alignment involves linking strategic objectives set at higher organizational levels with their execution at lower levels. Scholars have emphasized that vertical alignment is critical for translating corporate vision into actionable plans and ensuring consistency in organizational direction (Nwabuatu, 2024). When an organization achieves vertical alignment, strategic goals formulated by top management are effectively communicated, understood, and implemented across all levels of the business (Tourani & Khatibi, 2021).

This study explains vertical alignment as the strategic synchronization between executive leadership, middle management, and operational staff to ensure that organizational goals are effectively realized. In IT firms, where adaptability and swift decision-making are essential, vertical alignment ensures that innovations and strategic directives from top executives are properly executed by software developers, network administrators, and other technical staff (Rahul, 2024). This alignment fosters a sense of direction, accountability, and improved performance outcomes (Smith & Thomas, 2024).
This study defined vertical alignment as the alignment of an organization's strategic objectives with its operational activities and individual performance at different hierarchical levels. This concept focuses on ensuring that the goals and actions of employees at all levels, from top management to frontline workers, are aligned with the overall vision and strategy of the organization.

Performance

Organizational performance is a multidimensional construct that evaluates how effectively an organization achieves its strategic and operational objectives. Scholars define performance in terms of financial metrics (profitability, revenue growth, and return on investment) and non-financial indicators (customer satisfaction, employee productivity, and innovation capacity) (Al-Surmi, Cao, & Duan, 2020; Beese et al., 2023). Effective strategy alignment contributes significantly to improving an organization's performance by ensuring goal congruence and operational efficiency (Smith & Thomas, 2024; Gede & Huluka, 2023).

This study defines organizational performance as the measure of how well an entity translates its strategic plans into tangible results. In IT firms, performance is largely determined by technological innovation, market responsiveness, and service quality (Nwabuatu, 2024; Tourani & Khatibi, 2021). Given the dynamic nature of the IT sector, maintaining high performance requires firms to integrate their strategies efficiently, ensuring adaptability to changing market conditions and technological advancements (Rahul, 2024; AL-Hashem & Orabi, 2021).

This study looks at Performance as the ability of an individual, team, organization, or system to achieve specific goals and objectives effectively and efficiently. It encompasses various aspects, including the quality, quantity, and timeliness of output, as well as the overall impact on desired outcomes.

Cultural Alignment and Performance

Kamuri et al. (2025) examined the impact of organizational culture alignment on the performance of state corporations in Kenya, with transformational leadership as a moderating variable. The study used a cross-sectional research design, data were collected from Chief Executive Officers and Senior Managers of 143 state corporations out of a target population of 221. A self-administered questionnaire was employed. The findings revealed that cultural alignment had a significant and positive impact on state corporations' performance. The study concluded that aligning organizational culture is crucial for enhancing the performance of state corporations in Kenya. It recommended that organizations establish clear strategies for cultural alignment and effective communication channels for stakeholders. However, the study did not explore the long-term sustainability of cultural alignment efforts or the potential industry-specific variations in implementation.

Saha (2020) examined the role of cultural alignment in driving business success from an HR perspective within the pharmaceutical industry. The study highlighted how a pharmaceutical organization transitioned from a traditional product-centered approach to a patient-focused strategy. This transformation required cultural alignment, including redefining organizational purpose, establishing inspirational values, and using these values as anchors for business strategy. Additionally, the organization heavily invested in leadership development by fostering continuous skill enhancement through skilling, reskilling, and upskilling initiatives to ensure long-term relevance. The study concluded that cultural alignment plays a fundamental role in sustaining business transformation and maintaining competitiveness. The approaches adopted by the pharmaceutical company offer valuable insights applicable across industries for future-proofing businesses.

Tampio (2023) examined the significance of cultural alignment as a key factor in organizational success. Cultural alignment is defined as the harmony between employees' values, beliefs, and behaviors with the overarching organizational culture. The study highlighted that effective cultural alignment enhances performance, increases employee engagement, fosters collaboration, and improves customer satisfaction. The article outlined several strategies for achieving cultural alignment, including defining core values, securing leadership commitment, recruiting for cultural fit, providing continuous training, and maintaining open feedback channels. Additionally, the study acknowledged challenges organizations face in achieving cultural alignment but emphasized that prioritizing it can lead to long-term business sustainability and success.

Horizontal Alignment and Performance

Haraisa (2022) assed the impact of strategic alignment and strategic awareness on strategic performance in Jordanian industrial companies operating in Jordan. The study employed a quantitative approach, utilizing a structured questionnaire to collect data from 220 respondents, including top and middle management personnel such as managers, deputies of managers, and department heads. The findings indicated that both strategic alignment and strategic awareness had a positive and significant impact on strategic performance. Based on these results, the study recommended that companies should enhance their information technology strategies to ensure alignment with organizational strategies, thereby maximizing opportunities and improving strategic performance. However, the study did not consider the role of organizational culture and leadership in strategic alignment, presenting a gap for further research.

Smith and Thomas (2024) investigated the effects of strategic alignment and strategic clarity on multidimensional task performance. The study employed an experimental approach to examine how aligning performance measures with strategic objectives influences worker performance, particularly when strategic objectives are communicated with varying levels of specificity. The findings revealed that strategic alignment improved performance under a vague strategy statement but had a negative impact when the strategy statement was clearly defined. This suggested that while alignment enhances performance in cases of strategic vagueness, excessive clarity may create trade-offs between conflicting performance dimensions, reducing commitment to the firm's strategic goals. The study recommended that firms should carefully balance alignment and clarity in strategic performance measurement systems to optimize employee commitment and effectiveness. However, the study did not explore the long-term organizational implications of these findings, indicating a gap for further research on sustained performance outcomes.

Gede and Huluka (2023) examined the impact of strategic alignment on organizational performance, focusing on Ethiopian universities. A quantitative research approach was employed, utilizing descriptive and explanatory research designs. Three Ethiopian universities were selected based on their establishment timeline, and a sample of 365 personnel was chosen through a random selection technique. Data analysis involved descriptive statistical tools such as mean and standard deviation, while structural equation modeling was used for confirmatory factor analysis and path analysis. The findings indicated that goal clarity, role clarity, and process clarity significantly and positively affected organizational performance. Additionally, variations in performance among institutions were attributed to differences in the implementation level of strategic alignment. The study recommended that organizational leaders define strategic intents with clear goals, roles, and processes to enhance institutional performance. However, the study did not explore the impact of external environmental factors on strategic alignment, highlighting a gap for further research.

Vertical Alignment and Performance

Rahul (2024) investigated the strategic alignment of emotional intelligence (EI) with project management, aiming to enhance project success and team performance. The study emphasized the critical role of EI in fostering effective leadership, improving interpersonal dynamics, and optimizing stakeholder engagement. Using a combination of theoretical insights and empirical evidence, the research proposed a comprehensive framework for integrating EI competencies into project management strategies. The findings highlighted that aligning EI with project processes significantly improves team collaboration, conflict resolution, and overall project outcomes. The study recommended that project managers actively incorporate EI training and awareness into their leadership approaches to foster a more cohesive and productive work environment. However, the research did not examine industry-specific variations in the application of EI in project management, leaving room for future studies to explore its sectoral adaptability.

Nwabuatu (2024) investigated the relationship between strategic alignment and organizational resilience in manufacturing firms in Rivers State, Nigeria. A cross-sectional research design was employed, with a target population of 278 respondents from ten manufacturing firms. Using Taro Yamane's formula, a sample size of 164 was determined, and 152 valid questionnaire responses were analyzed using Spearman's Rank Order Correlation Coefficient. The findings indicated that strategic alignment significantly and positively influenced organizational resilience, suggesting that firms with well-aligned strategies were more adaptable and capable of withstanding disruptions. The study concluded that strategic alignment enhances organizational resilience by fostering cohesion, adaptability, and coordination across various functions. It recommended that management should develop and implement strategies that integrate IT with organizational goals while promoting a culture of continuous learning and adaptability. However, the study did not examine the long-term sustainability of strategic alignment practices or industry-specific differences in resilience-building approaches, which presents a gap for future research.

Tourani and Khatibi (2021) investigated the impact of strategic alignment on performance while considering the role of a sustainable strategy. The study focused on 50 large Iranian food companies, where a standard questionnaire with 21 questions was distributed to senior managers. A total of 240 completed responses were analysed using structural equation modeling with SmartPLS software. The findings revealed that strategic alignment had a positive and significant impact on both sustainability strategy and overall performance. Additionally, the study confirmed that a sustainable strategy positively influenced organizational performance. The study recommended that organizations should integrate sustainability considerations into their strategic alignment processes to enhance long-term performance. However, the research was limited to large food companies in Iran, making it difficult to generalize the findings to other industries or smaller firms, presenting a gap for future studies.

Theoretical Framework

The study will be anchored on the Resource-Based View (RBV) Theory, proposed by Wernerfelt (1984). The central assumption of RBV is that an organization's sustainable competitive advantage is derived from its internal resources and capabilities rather than external market positioning. According to Barney (1991), resources must be valuable, rare, inimitable, and non-substitutable (VRIN) to provide a firm with a lasting competitive edge.

One of the major criticisms of RBV is its limited focus on the external environment, as it assumes that internal capabilities are the primary drivers of success while underestimating external market forces. However, its strength lies in its ability to highlight the importance of strategic resource allocation, capability development, and organizational differentiation.

Applying RBV to this study, strategy alignment can be viewed as a vital internal capability that enhances the performance of IT firms by ensuring the efficient utilization of resources, alignment of strategic functions, and optimization of competitive strengths. IT firms in FCT-Abuja can leverage RBV principles to develop unique strategic assets, such as proprietary technologies, skilled personnel, and innovative business models, to enhance their market position and overall performance.

METHODOLOGY

This study adopts a descriptive research design, which is appropriate for systematically describing the impact of strategy alignment on the performance of IT firms. The justification for using a descriptive design is that it allows for a comprehensive analysis of relationships between variables while providing insights into current strategic practices and performance outcomes.

The population of the study consists of employees from six (6) selected IT firms in FCT-Abuja, Phase3 Telecom, S&J Tech Services, TechAdvance, ZinnySoft Technologies, Dataflex Nigeria and Dunamis Technologie. The selection of these firms was based on predefined criteria, including (i) firm size (small to medium-sized IT firms), (ii) operational existence of at least five years, and (iii) engagement in core IT services such as software development, cybersecurity, and digital solutions. These criteria ensure that the study captures insights from firms with relevant industry experience and strategic operations.

The study population consists of 231 employees. The HR unit of the firms provided the study population. The sample size was determined using Taro Yamane's formula, which provides a scientifically valid approach for sample determination. The sample size for this study was 146 and Taro Yamane formular denoted below as:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size
N = Population of the study
e = Tolerable error (5%)

$$n = \frac{231}{1 + 231\,(0.05)^2}$$

$$n = \frac{231}{1 + 231\,(0.0025)}$$

$$n = \frac{231}{1 + 0.5775}$$

$$n = \frac{231}{1.5775}$$

$$n = 146$$

Simple random sampling technique was employed because of the need to ensure equal representation of participants and to minimize bias in the selection process. Primary data was used in this study, collected through structured questionnaires designed to capture respondents' perceptions of strategy alignment and firm performance. The reliability of the research instrument was determined using Cronbach's alpha, with coefficients exceeding the acceptable threshold of 0.7, indicating a high level of internal consistency. The validity of the instrument was established through content validity, where experts in strategic management and IT operations reviewed the questionnaire to ensure its relevance and accuracy.

Data analysis was conducted using multiple regression techniques with the aid of SPSS version 27. This statistical method was chosen as it allows for examining the relationship between multiple independent variables (dimensions of strategy alignment) and the dependent variable (firm performance), thereby providing robust insights into the study's research questions.

Results and Discussions

Prior to conducting multiple regression analysis, key assumptions were evaluated and met. Though the determined sample size for the study was 146, a total of 153 questionnaires were distributed, representing an additional 5% of the sample size. This approach aligns with recommendations in survey research to account for potential non-responses and incomplete submissions, thereby ensuring that the final number of usable responses meets analytical requirements (Baruch & Holtom, 2008).

Table 1: Demographic Profile of Respondents

Demographic Variable	Frequency (n=149)	Percentage (%)
Gender		
Male	85	57.0
Female	64	43.0
Age (years)		
20 - 30	36	24.2
31 - 40	58	38.9
41 - 50	40	26.8
Above 50	15	10.1
Years of Experience		
Below 5 years	45	30.2
5 - 10 years	50	33.6
Above 10 years	54	36.2

Source: Fieldwork, 2025

Out of the 153 questionnaires distributed, 149 were successfully retrieved, representing a 97.4% response rate. Preliminary data screening confirmed that all 149 responses were suitable for further analysis. Table 1 presents the demographic characteristics of the respondents based on age, gender, and years of working experience.

Table 2: Model Summary result on Strategy Alignment and Performance of IT Firms

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.798[a]	.637	.629	.85292

a. Predictors: (Constant), Cultural, Horizontal, Vertical

Source: Fieldwork, 2025

Table 3: ANOVA result on Strategy Alignment and Performance of IT Firms

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	184.946	3	61.649	84.743	.000[a]
	Residual	105.484	145	.727		
	Total	290.430	148			

a. Predictors: (Constant), Cultural, Horizontal, Vertical
b. Dependent Variable: Performance
Source: Fieldwork, 2025

Table 4: Coefficients results on Strategy Alignment and Performance of IT Firms

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.144	.242		.595	.553
	Horizontal	.136	.072	.131	1.895	.060
	Vertical	.367	.078	.334	4.691	.000
	Cultural	.403	.081	.431	4.972	.000

a. Dependent Variable: Performance
Source: Fieldwork, 2025

The model summary in Table 2 shows an R-value of 0.798, indicating a strong positive relationship between the independent variables (cultural, horizontal, and vertical alignment) and performance. The R-Square value of 0.637 suggests that 63.7% of the variation in performance is explained by the predictors, while the adjusted R-Square of 0.629 confirms the model's robustness. The ANOVA results in Table 3 reveal that the overall model is statistically significant ($F(3,145) = 84.743$, $p < 0.001$), confirming that cultural, horizontal, and vertical alignment jointly influence performance. The coefficient table indicates that cultural alignment ($\beta = 0.431$, $p < 0.001$) and vertical alignment ($\beta = 0.334$, $p < 0.001$) significantly impact performance, supporting H1 and H3. However, horizontal alignment ($\beta = 0.131$, $p = 0.060$) was not statistically significant at the 5% level, leading to the rejection of H2.

Discussion of Findings

The central objective of this study was to examine the impact of strategic alignment on the performance of IT firms, with a specific focus on cultural, horizontal, and vertical alignment. The findings revealed that while cultural and vertical alignment significantly influenced IT firm performance, horizontal alignment did not have a statistically significant effect.

The strong impact of cultural alignment on firm performance aligns with previous research by Abanumay and Mezghani (2022) and Saha (2020), who emphasized that an organization's ability to align its cultural values with strategic objectives enhances employee engagement, collaboration, and efficiency. Similarly, Tampio (2023) argued that cultural alignment fosters a unified organizational identity, which is crucial for long-term sustainability and competitive advantage. This suggests that firms that fail to integrate cultural alignment into their strategic planning may struggle with internal cohesion, leading to inefficiencies and weaker performance outcomes.

Vertical alignment was also found to have a significant impact on IT firm performance, corroborating the findings of Beese et al. (2023), who highlighted that structured enterprise transformation through strategic alignment facilitates long-term success. The significance of vertical alignment suggests that organizations that establish clear hierarchical relationships and ensure alignment between strategic objectives and operational execution are more likely to achieve higher performance levels. In contrast, poor vertical alignment may result in miscommunication, inefficiencies, and resistance to strategic initiatives, which could ultimately hinder firm growth.

Conversely, the findings showed that horizontal alignment did not have a significant effect on performance, aligning with the study by Al-Surmi, Cao, and Duan (2020), who suggested that the effectiveness of horizontal alignment varies depending on industry-specific factors. Similarly, AL-Hashem and Orabi (2021) noted that strategic alignment must be tailored to the operational needs of an organization to yield meaningful benefits. The non-significance of horizontal alignment in this study indicates that IT firms may require a more flexible approach to cross-functional coordination, as rigid structures could impede adaptability and innovation.

CONCLUSION AND RECOMMENDATIONS

This study underscores the critical role of strategic alignment in enhancing IT firm performance, with cultural and vertical alignment emerging as key determinants. Organizations that effectively integrate cultural values into their strategic planning and establish strong vertical alignment mechanisms are more likely to achieve sustained competitive advantage. The findings also highlight the need for further research on the contextual relevance of horizontal alignment in different industry settings. The following recommendations are proffered:

1. Firms should establish cultural training programmes to reinforce shared values and business goals, as currently, the cultural integration efforts in these firms are informal or reactive, occurring only when issues arise. This lack of proactive cultural alignment results in fragmented teams, inconsistencies in decision-making, and a disconnect between employee behavior and strategic objectives.
2. IT firms must integrate clear communication channels between top management and employees to ensure aligned goals, as communication gaps between senior management and employees persist. The absence of an interactive and transparent communication structure creates ambiguity, slows decision-making, and reduces employee engagement.
3. IT firms should reassess the role of horizontal alignment to ensure its industry-specific relevance, as the current cross-functional coordination mechanisms may not be effectively contributing to overall strategic execution. Many IT firms still operate with highly specialized teams that function in silos, limiting the effectiveness of horizontal alignment strategies.

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