


# The impact of strategic alignment of information technology on international success: The mediating role of innovation culture in small and medium-sized enterprises

Sabah Hamzah Mohaisen<sup>1</sup> , Samad Rahimi Aghdam<sup>2</sup> , Seyed Samad Hosseini<sup>2</sup> ,  
Vahid Ahmadian<sup>2</sup> 

1- PhD student, Faculty of Economics and Management, University of Tabriz, Tabriz, Iran.

2- Associate Professor, Faculty of Management, University of Tabriz, Tabriz, Iran.

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## Abstract

The purpose of this research is the effect of strategic alignment of information technology on international success: the mediating role of innovation culture in small and medium-sized enterprises. The present study is applicable in terms of its purpose, and descriptive-survey in terms of its nature and method. The statistical population of the present study includes 32,000 companies in Tabriz and 23,000 companies in Karbala; as a result, 384 companies were selected as the research sample using a random-stratified sampling method. The collection tool in the present study is a questionnaire. The structural equation method in the pls3 software was used to analyze the findings. The findings showed that strategic alignment of information technology has a significant effect on the international success of small and medium-sized enterprises. Also, innovation culture not only has a positive effect on international success, but also plays an effective mediating role in the relationship between strategic technology alignment and international success. According to the research results, SMEs that align their technology strategies have a greater chance of success in the international arena. In addition, strengthening the innovation culture in these companies can play a key role in global development and competitiveness. Therefore, it is recommended to pay attention to these factors in the policy-making and management of SMEs.

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**Publisher:** Research Center of Resource Management Studies and Knowledge-Based Business

**Corresponding Author:** Samad Rahimi Aghdam

**Email:** s.rahimi@tabrizu.ac.ir

## Extended Abstract

### Introduction

Today, globalization and digitalization are profoundly changing the competitive landscape for companies of all sizes. SMEs now have unprecedented opportunities to internationalize their activities and access new markets abroad (Khosh Lahn & Ardabili, 2021). However, taking advantage of these opportunities depends heavily on the alignment between investments in strategic IT capabilities and overall business strategy priorities (Gerow et al., 2014). Although past research provides mixed evidence on the performance impacts of strategic alignment, few studies have specifically examined how alignment of IT strategy and business strategy impacts the internationalization success of SMEs (Abonu et al., 2022; Almajali & Tarhini, 2016). Strategic alignment – IT business strategy reflects the degree of coherence, complementarity, and mutual understanding that exists across the technology-focused activities of data architects, developers, and technical specialists on the one hand; and the priorities of business managers, product innovators, and market expansion planners on the other (Younis & Sundarakani, 2023). The shift towards global integrated e-commerce, social media, mobile platforms and cloud computing has removed many of the traditional barriers to international expansion (Hilmersson & Johanson, 2016). Thanks to digital tools, the final costs of serving foreign customers or setting up cross-border operations are lower than ever. With careful website localization, online payment integration, targeted digital advertising and intelligent back-end coordination, even very small companies can quickly gain global market share (Lin, 2014).

Findings of the research can provide consultants and policymakers with tools to support internationally ready SMEs in trade-based economic development. Furthermore, theoretical advances can pave the way for academics to build knowledge about appropriate digital transformation paths for smaller and entrepreneurial firms competing globally. Therefore, the main question of the present study is: what is the impact of strategic alignment of information technology on international success with the mediating role of innovation culture in SMEs?

### Theoretical Framework

#### Strategic Alignment and Its Effect on Internationalization

Strategic alignment allows companies to exploit information technology to improve their operations, identify market opportunities, and accelerate the decision-making process. Also, SMEs that benefit from strategic alignment have been able to advance their internationalization process more successfully, as information technology plays an important role in facilitating communication and access to international markets (Matysiak et al., 2022).

#### Innovation Culture

Innovation culture in SMEs has been considered as one of the vital components of survival and growth in today's dynamic business environment. This culture includes a set of values, norms, and behaviors that make the continuous search for new ideas, support for reasonable risks, learning from failures, and interpersonal collaboration the core of organizational activities (Salah & Ayyash, 2024).

#### The impact of innovative culture on international success

Companies that institutionalize an innovation culture in their structure and strategy not only respond more quickly and flexibly to changes in foreign markets, but also increase the ability to adapt their products and services to the needs and tastes of diverse global customers. This improves export performance, grows market share, and enhances brand image in the international arena. Empirical studies also emphasize that an innovation culture facilitates the internationalization process of companies by providing a suitable platform for absorbing and

utilizing new knowledge and reducing barriers to entry into new markets (Texeira et al., 2022).

Wamba-Taguimdje et al. (2024) investigated the impact of strategic agility on organizational performance: The mediating role of market orientation and innovation capabilities in an emerging industrial sector. The results showed that neither strategic agility nor innovation capabilities have a direct impact on organizational performance. Importantly, market orientation plays a key role in this dynamic relationship and thus creates critical linkages. Due to the natural tendency of innovation capabilities outcomes, it was found that this factor is insignificant in influencing organizational performance either directly or indirectly. The study has established relationship patterns between these focal variables. Furthermore, it has revealed latent patterns that help predict performance. This research has significant implications for R&D and marketing managers and provides insights and predictions that managers can use to guide business decisions. These findings help to understand the importance of applying strategic market orientation to improve organizational performance in the industrial sector of Saudi Arabia.

Sahraei & Mafibalani (2023) studied the role of applying electronic marketing and information technology in the business of Minoo food industries during the economic recession. The findings of the study showed that information technology support has a positive and significant effect on the business of Minoo food industries during the economic recession. Information technology knowledge does not have a positive and significant effect on the business of Minoo food industries during the economic recession. Management beliefs about marketing basics and implementing electronic marketing have a positive and significant effect on the business of Minoo food industries during the economic recession, and information technology and electronic marketing have a positive and significant effect on the business of Minoo food industries, but no significant effect was observed with the introduction of the moderation of the economic recession.

### **Research Methodology**

The present study is applicable in terms of purpose, and descriptive-survey in terms of nature and method. The statistical population of the present study includes 32,000 companies in Tabriz and 23,000 companies in Karbala, among which 384 companies were selected as the research sample using a random-stratified sampling method. The collection tool in the present study is a questionnaire.

### **Research findings**

The structural equation modeling method in the pls3 software was used to analyze the findings. The findings showed that strategic alignment of information technology has a significant impact on the international success of small and medium-sized companies. Also, innovation culture not only has a positive impact on international success, but also plays an effective mediating role in the relationship between strategic alignment of technology and international success. According to the research results, small and medium-sized companies that create alignment in their technology strategies have a greater chance of success in the international arena. In addition, strengthening the innovation culture in these companies can play a key role in global development and competitiveness. Therefore, it is recommended to pay attention to these factors in policy-making and management of small and medium-sized enterprises.

## Conclusion

The present study aimed to investigate the impact of strategic alignment of information technology on international success: the mediating role of innovation culture in small and medium-sized enterprises. The results of this study are consistent with the results of Wamba-Taguimdje et al. (2024), Sahraei & Mafibalani (2023), RahimiAghdam et al. (2023), Abonu et al. (2022), Heikkila & Nguyen (2022), Hajipourfard et al. (2022), Saadabadi et al. (2021), and Wang & Ahmed (2018). Abonu et al. (2022) showed that the synchronization of technology with business needs facilitates the expansion of the global market for small and medium-sized enterprises. More importantly, strategic agility led to greater flexibility in allocating resources and exploiting international opportunities, while innovation culture helped to accept risk and develop new ideas. These findings confirm that IT alignment alone is not enough, but its effects are optimized when combined with complementary organizational capabilities such as innovation and agility.

Based on the results, it is recommended: Create a comprehensive change management program to help SMEs align their IT strategies with their desired innovation culture. This program should include strategies to strengthen an innovative organizational culture such as promoting cross-functional collaboration, encouraging experimentation, and providing resources for innovation initiatives.