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Recommended Citation

Lohoff, Laura and Hess, Thomas, "The 'Who' and 'How' of Operational Alignment for Digital Innovation (Units)" (2023). *Digit 2023 Proceedings*. 19.

<https://aisel.aisnet.org/digit2023/19>

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The 'Who' and 'How' of Operational Alignment for Digital Innovation (Units)

Completed Research Paper

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Abstract

To harness the value of digital technologies, incumbents establish digital innovation units (DIU). In pursuing digital innovation outcomes, DIUs follow activities along the innovation process that are carried out in collaboration with other organizational units. Collaboration has been identified as a specific DIU challenge. However, prior studies do not go beyond DIU-centric research on their setup, objectives, and challenges. In practice, DIUs become increasingly integrated with the organization as news and bad press about their performance up to discontinuance appears. The lack of knowledge on integrating DIUs with other organizational units, coupled with the practical relevance of realizing value from digital innovation, calls for an investigation into the operational alignment of DIUs. Rooted in digital innovation and business-IT alignment research, we analyze the digital innovation process, involved units, and corresponding aligning actions based on a multiple case study. We show that aligning for digital innovation happens in two modes depending on the DIU's structural positioning and innovation orientation: a triangle (business-IT-DIU) and a dual mode (business-DIU). First, we go beyond a DIU-centric perspective and shed light on the interaction of multiple units pursuing digital innovation from initiation to exploitation. Second, we contribute to research on business-IT alignment by expanding it with the perspective of digital units and outlining operational aligning activities, enhancing our understanding of how organizations can exploit their explorative digital innovation activities.

Keywords: Digital innovation units, digital transformation, business-IT-alignment, operational alignment, aligning.