

ABSTRACT

The environment in which organizations operate and its implications to strategy has taken centre-stage in extant strategic management research. It has been argued that organizations whose internal capabilities and competencies match developments in the external environment report impressive performance. Studies that advance this argument have been greatly informed by the Environment-Strategy-Performance (ESP) paradigm. A critical review and evaluation of empirical literature show that different scholars have offered partial conceptualizations and operationalizations of the components of the ESP paradigm (environment, strategy, and performance). While some studies were found to be replications of others, contextual differences were found to influence operationalizations of the ESP components. Further, the concept of "co-alignment" was found to be scantily operationalized. This paper lays focus on performance implications of environment-strategy coalignment. It proposes a holistic conceptualization and operationalization of the ESP components and considers "co-alignment" as a crucial variable expected to have an organizational performance.