

With G. Bhatt. (2005) "Types of Information Technology Capabilities and their Relationship with Competitive Advantage: An Empirical Study ," *Journal of Management Information Systems* , Vol.22(2), 253-277.

During the past two decades, both business managers and academic researchers have shown considerable interest in understanding how information technologies (IT) help to create competitive advantage for a firm. While recently the idea of competitive differentiation through IT has been challenged, this study contrasts the traditional thinking about competitive advantage with the resource-based view. Specifically, it is argued that by demarcating specific types of capabilities, we can contribute to better understanding of the sources of IT-based competitive advantage. Conceptually, we distinguish here between value, competitive, and dynamic capabilities as three distinct types of capabilities. Within each type, we identify specific capabilities. such as quality of the IT infrastructure. IT business experience, relationship infrastructure, and intensity of organizational learning, and present a model that describes relationships between these capabilities and competitive advantage. We then empirically test the model using data collected via a national mail survey from chief IT executives from 202 manufacturing firms. While the quality of the IT infrastructure is hypothesized as a value capability and expectedly did not have any significant effect on competitive advantage, the quality of IT business expertise and the relationship infrastructure (competitive capabilities) did. The results of the study also indicate that the intensity of organizational learning (dynamic capability) was significantly related to all of the capabilities. These results point to the importance of delineating capabilities such as relationship infrastructure that can facilitate differentiation in the marketplace, and dynamic capabilities such as organizational learning as an important antecedent to IT capability building.