

# **Strategic Management Practices and Organizational Performance: A Review of Empirical Studies**

**Ms. Taranpreet Kaur<sup>1\*</sup>, Dr. Sakshi Gupta<sup>2</sup>, Dr. Neha Bhagat<sup>3</sup>**

<sup>1</sup>*Assistant Professor*

<sup>2</sup>*Assistant Professor*

<sup>3</sup>*Assistant Professor*

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## **Abstract**

The paper is a review of the practices of strategic management and its effect on organizational performance, which synthesizes the empirical research in different fields. It discusses major practices like strategic planning, environmental scanning, strategy formulation and implementation, and strategic control, as this will reveal how the practices can be used to improve non-financial, financial, and operational performance. The review makes it clear that good strategic management helps organizations to match internal strengths and external opportunities, innovate and develop sustainable competitive advantage. Empirical findings always show that there is a positive correlation between the structured strategic management practices and organization performance with also the moderating role of the leadership, organizational culture, resource, and the environmental dynamics are also demonstrated.

***Keywords; Environmental Scanning, Performance Measurement Systems, Feedback Mechanisms, Decision-Making, Customer Satisfaction, Employee Engagement***

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## 1 INTRODUCTION

According to the current business climate that is highly competitive, dynamic and global, organizations are under constant pressure to realize sustainable performance and long-term survival. The increasing pace of technology, uncertainties in the market and globalization and evolving customer demands have forced companies to take systematic planning and decision-making process [1]. Strategic management practices in this regard have become an important key as a medium of matching organizational ambitions with the external opportunities and internal strengths. Strategic management helps organizations to design, execute, and analyze strategies that make organizations to be more competitive and enhance organizational performance. Strategic management does not exist as a long term plan, but is an integrative process, which is continuous and includes the environmental analysis, strategic choice, implementation, and control [2], [3]. Experimental research in different sectors and industries has continued to prove that organizations that have implemented strategic management practices in an effective manner perform better compared to companies that base decision-making on ad hoc or short term. The multi-dimensional construct of organizational performance in terms of financial, operational, and non-financial performance is now considered to be affected by managerial capabilities and strategic orientation [4]. In recent decades, scholars have paid much attention to the research of the connection between strategic management practices and organizational performance. These researches have addressed various dimensions including strategic planning, leadership engagement, innovation strategies, resource allocation, competitive positioning and systems of performance measurements. Although the results mostly confirm a positive relationship, they are subject to differences because of contextual variations which include the size of an organization, type of industry, the level of uncertainty in the environment and institutions structures [5].

### **Strategic Management Practices**

Strategic management practices can be described as those well-organized activities and processes that help organizations to establish their long-term path and the allocation of resources in forwarding their intended goals. Such practices offer a guideline on how to make decisions and how to direct the activities of organizations in a competitive environment.

#### **1. Strategic Planning**

One of the most popular strategic management practices is strategic planning. It entails the establishment of organizational objectives, the internal and external analysis, planning strategies and planning actions. An empirical research indicates that organizations that use formal strategic

planning processes have better coordination, objectives and performance outcomes. Strategic planning adds organizational focus and proactive response to changes in the environment [6].

## **2. Environmental Scanning**

Environmental scanning entails the tracking and reviewing of external variables like economic events, technology, competition, political controls and social changes. Good environmental scanning assists organizations in realizing opportunities and threats so that they can change strategies towards them. Research has shown that the strategic flexibility and resilience of firms that have undergone continuous environmental analysis is greater [7].

## **3. Strategy Formulation and Implementation**

Strategy formulation: The strategy formulation aims at choosing the right strategies according to the organisational strength, weaknesses, opportunities as well as threats. Instead, implementation helps to convert the strategic plans into actions. As it shows, empirical evidence points to successful strategy implementation as being more difficult than strategy formulation, which demands alignment of structure, culture, leadership and resources. Companies that have high implementation potentials realize high performance [8].

## **4. Strategic Control and Evaluation**

Strategic control mechanisms also make sure that the activity within an organization is in tandem with the strategic goals. Strategic control includes performance measurement systems, feedback systems, and periodic reviews. Evidence of the research indicates that organizations with balanced performance indicators and constant evaluation standards are in a better standing to change strategies and maintain competitive edge [8].

## **Role of Strategic Management Practices in Organizational Performance**

Strategic management practices are very crucial in the improvement of organizational performance through the quality of the decisions made, resources employed, and flexibility. Financial (profitability, return on investment), operational (productivity, efficiency), and non-financial (customer satisfaction, innovation, employee engagement) indicators are the common measures of organizational performance.

### **1. Financial Performance**

Various empirical studies determine the existence of a positive correlation between strategic management practices and financial performance. Cost efficiency, increased revenue and profitability are achieved through strategic planning and proper allocation of resources. With

clear strategies, organizations have a greater capacity to deal with risks and exploit the market opportunities which translate to better financial results [9].

## **2. Operational Performance**

Strategic management practices increase the efficiency of the operations through aligning goals with the strategies. The continuous improvement, process optimization and the performance benchmarking are also some of the practices that lead to increased productivity and quality. Studies show that corporate entities that have incorporated strategic goals in their day-to-day activities record enhanced performance in their operations [10].

## **3. Innovation and Competitive Advantage**

Innovation is promoted through strategic management which helps in building a culture of learning and flexibility. Companies that incorporate innovation strategies in their strategies have high chances of coming up with new products, services, and processes. Empirical research indicates that strategies that focus on innovation have a greater impact on improving competitive advantage and long-term performance [5].

## **4. Organizational Sustainability**

Strategic management practices help in ensuring that the organization is sustainable by striking a balance between the short term performance and long term growth. Strategic foresight and scenario planning allows organizations to deal with environmental and social responsibility and remain economically viable. The holistic approach leads to sustainability of organizational performance [11].

### **Importance of Strategic Management Practices**

Strategic management practices are vital as they bring sense of direction, uniformity, and continuity to organizational activities. Strategic management provides a guide through the complex environment of an uncertain business environment.

#### **1. Goal Alignment and Clarity**

The strategic management maintains the fit of the organizational vision, mission, and objectives. Effective strategic direction brings more clarity to the employees and encourages their dedication, which increases performance. As indicated by empirical evidence, when organizations have well-defined strategies, then they will have a high degree of employee engagement and motivation [12].

## **2. Enhanced Decision-Making**

Informed and systematic decision making is encouraged by strategic management practices. Through an analysis of data and well-organized assessment, organizations will minimize the uncertainty and enhance the quality of the decisions. This will result in the optimal utilization of resources and organizational performance [13].

## **3. Competitive Positioning**

Strategic management helps the organizations to be differentiated in competitive markets. Competitive analysis and strategic positioning helps companies to determine their distinctive value propositions and remain leading in the market. Research indicates that those companies that are strategically oriented are more effective in dynamic contexts compared to their competitors [10].

## **4. Organizational Learning and Adaptability**

Continuous learning is promoted through strategic management which promotes reflection and feedback. Companies that frequently change and revise their strategies are more adaptable and resilient. This flexibility is essential to the survival and performance in the long term [10].

## **Factors Influencing Organizational Performance**

There are both internal and external factors that affect the performance of an organization. Although the strategic management practices are very critical, their application is determined by the contextual variables [8].

### **1. Leadership and Managerial Capability**

The quality of leadership plays a key role towards the success of the strategic management practices. Good leaders are those who give vision, inspire workers and offer effective strategy implementation. Empirical literature has emphasized leadership commitment as an important factor that defines organizational performance [12].

### **2. Organizational Structure and Culture**

The implementation of the strategies is influenced by the organizational structure and culture. The communication, collaboration, and innovation are not hampered by strict structures and supportive cultures. On the other hand, strict structures can be an obstacle to strategic implementation and performance [8].

### **3. Resource Availability**

Implementation of the strategies requires adequate financial, human and technological tools. Strategic choices and performance results can be constrained by resource constraints. The studies indicate that resource based benefits play a major role in the success of organizations [14].

### **4. External Environment**

Organizational performance is influenced by the market competition, economic conditions, technological changes and the regulatory frameworks. Adaptive strategies are necessary in organizations that are dealing with turbulent environments to ensure performance. There is environmental uncertainty that moderates the connection between strategic management practices and performance [15].

### **5. Employee Skills and Engagement**

The competence and engagement of employees are very essential in the attainment of strategic goals. Companies that invest in training and development are more likely to be more productive and innovative hence performing better [6].

## **2 LITERATURE REVIEW**

(Gitumbi & Okeyo, 2024) [16] The primary goal of the study was to investigate "the strategic management practices and performance of public sector organizations" through KEBS and to further investigate the impact of strategy creation and execution on KEBS performance. The adopted questionnaires and the pilot initiative encompassed ten randomly selected employees from the designated target population. It can be said that the implementation of the plan had a significant effect and that KEBS will perform better if they are strengthened. Additionally, it was shown that performance was positively and strongly correlated with strategy implementation. It can be said that the implementation of the plan had a significant effect and that KEBS will perform better if they are strengthened. Additionally, it was shown that performance was positively and strongly correlated with strategy implementation.

(Itohan et al., 2024) [17] This study examines how strategic management techniques affect organizational performance, with a particular emphasis on the viewpoints of employees at UBA's regional office in Lagos, Nigeria. The researchers used the Taro Yamane sampling approach to determine the optimal sample size of 171 individuals, drawn from a randomly selected population of 300, in order to achieve the study's objectives. The study's findings show a statistically significant correlation between "organizational performance (profitability, productivity, and operational performance) and strategic management techniques (strategy

creation, execution, and assessment)". Therefore, by setting clear goals, enhancing decision-making procedures, allocating resources optimally, adjusting to changes in the environment, encouraging creativity, maintaining organizational coherence, and putting performance measurement into practice, the research advises management to adopt strategic management approaches to improve organizational performance.

(Nicholas et al., 2024) [18] Examining how strategic management practices affect Ghanaian technical universities' performance was the primary goal of this study. The study employed a quantitative methodology and a descriptive survey design. In order to answer the research questions, the study employed a questionnaire to collect primary data. The data was analyzed using linear multiple regression, frequency, and percentages. According to the study, Accra Technical University's performance is positively impacted by strategic management methods in a statistically meaningful way. This study advanced knowledge by demonstrating that Accra Technical University's performance is greatly impacted by the strategic management techniques of strategy creation and assessment. The research also concluded that in order to determine the strengths and weaknesses of the competitors, the university should methodically carry out environmental evaluations both internally and outside.

(Rexhepi et al., 2024) [19] The relationship between organizational success and strategic management has been the subject of a recent research. Globalization, changing investor and consumer needs, and more product rivalry are some of the reasons why the economy is changing quickly. Businesses must continuously improve their performance by reducing expenses, developing new products and procedures, and improving productivity, quality, and time to market. Strategic management is an ongoing process that evaluates and controls a company's operations and sector, examines its rivals, sets goals and plans to satisfy the needs of present and future clients, and periodically evaluates each plan to determine how well it is being implemented and whether it should be replaced with a new one in response to changing conditions, competitors, technologies, or economic, social, financial, or political factors.

(Moses et al., 2023) [20] The purpose of the study was to determine how strategic management affected Lyamujungu SACCO's organizational performance. A research design known as correctional sectional was used in the study. The study was able to assess the link between the study variables since it used both quantitative and qualitative methodologies. The study discovered a strong positive correlation between strategy management and SACCOs' organizational performance. With these conclusions, the study contributes by offering empirical data that has been largely lacking to guide the current intense debate over organizational performance and strategic management at Lyamujungu SACCO. According to the research, the management of Lyamujungu SACCO should collaborate with the board members and all other

stakeholders to execute the decisions of both the board and the annual general meeting in order to achieve successful strategic management.

(Mohana et al., 2022) [21] The purpose of this paper is to evaluate how strategic management practice characteristics affect worker performance in higher education. The influence of strategic management techniques' qualities on employee performance is modelled in the current study. The study discovered that employee performance is greatly impacted by environmental scanning, strategy creation, strategy implementation, and assessment & control. Therefore, in order to improve employee performance, higher education institutions should concentrate on the aforementioned aspects. Strategy implementation had the greatest effect on employee performance, "followed by environmental scanning, strategy formulation, and evaluation & control", according to a study that looked into the characteristics of strategic management practices and their effects on employee performance retention in higher education.

(Kothari, 2020) [22] Within the field of Indian organizational practices, this study explores the strategic management approaches used by different organizations and their significant impact on overall performance. A hybrid strategy that combines qualitative and quantitative analysis is used to investigate this topic. The results highlight how important strategic management is to an organization's success in the Indian market. Strategic planning helps firms align their goals with market possibilities and constraints, increasing their ability to take advantage of new trends and adjust to changing consumer preferences. It becomes clear that making wise judgments requires developing a thorough awareness of the external business world, which includes market dynamics, legal frameworks, and cultural nuances.

### **3 CONCLUSION**

The conclusion of this review is that the strategic management practices are central to attaining and maintaining an excellent organization performance in the current competitive and dynamic business world. Strategic planning, environmental scanning, effective strategy formulation and execution, and continuous strategic control are some of the practices that offer a systematic approach to making informed decisions and making the best use of resources. Research on the topic of strategic management has shown a strong positive correlation between strategic management practices and financial performance, operational efficiency, innovation, and organizational sustainability using empirical studies reviewed over the years. Nevertheless, the contextual conditions such as quality of leadership, organizational culture, resources, employee engagement and environmental uncertainty are key determinants of the effectiveness of such practices. Strategy implementation has proven to be a very important element of performance that requires more challenges than strategy creation. Other aspects of maintaining competitive

advantage that are noted in the review are the value of flexibility, orientation to learning and ongoing evaluation. In general, strategic management must be considered an integrative process and continuous process and not a one-time event, which needs dedicated leadership and alignment of organization in converting strategic intent to meaningful performance deliverables.

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