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## Organizational Performance and Strategic Management

### Abstract

A recent study has focused intensively on strategic management and organizational success. The economic landscape is evolving swiftly due to factors including globalization, shifting consumer and investor demands, and escalating market competition for products. Organizations must continually enhance their performance by cutting costs, innovating goods and processes, and enhancing quality, productivity, and speed to market. Strategic management is a continuous process that assesses and regulates a company's business and industry, analyzes its competitors, establishes objectives and strategies to fulfill the demands of current and potential customers, and reviews each strategy periodically to assess its implementation and success and to consider replacing it with a new strategy in response to evolving circumstances, technologies, competitors, or economic, social, financial, or political factors.



Business companies should aim to achieve a competitive advantage and superior performance relative to their competitors. This article aims to explore the impact of management on the development of strategic management and performance inside the firm. This publication presents essential information in hitherto unexplored areas, intended to benefit future generations interested in further research in this field. This document presents information on previous studies and their conclusions, which can serve as a foundation for future researchers, including academic personnel, students, and the broader population.

**Keywords:** Strategic, economic, management.

## 1. Introduction

This research aims to examine the influence of strategic management on organizational performance.

b) To establish the correlation between strategic management and organizational performance.

The scientific objective is to investigate underexplored segments related to management within the realm of strategic management and their impact on firm performance. These components are crucial for guiding managers who are new to their careers to effectively run a firm through human resources, which are essential assets for every corporation.

The social goal is to provide crucial information to individuals and groups seeking deeper insights into the manager's role within the company, performance management, and the company's strategic development.

### 1.1. hypotheses

Strategic management involves setting organizational goals, creating strategies to attain them, and assigning resources for their implementation.

Organizational performance refers to an organization's capacity to effectively acquire and utilize its limited and valued resources to achieve its operational objectives.

I have analyzed the thesis and will now attempt to validate the primary hypothesis along with the supporting hypotheses.

Strategic management has a positive impact on empowering the organization in a changing environment.

Strategic management impacts organizational performance.

Effective management and motivated staff enhance performance.

In this crucial work for firms in our country, I aim to provide scientific discoveries that will aid any company focused on enhancing its performance and growth.

## 2. Materials and Methods

The study took place in Gjilan, the country's hub for academia, industry, commerce, finance, and politics. Pristina was selected because of the concentration of financial organizations with their headquarters there. It is estimated that Pristina contributes approximately 65 percent to the country's economy and oversees over 70 percent of the total value of the country's imports.

This study utilized primary data collected by administering a standardized questionnaire. Five financial institutions, ProCredit Bank, NLB, Banka per Biznes, Sigma Insurance Business, and Siguria Insurance Company, situated in Gjilan, were chosen for this research. The financial firms are largely acknowledged as market leaders in Kosovo. The selection technique involved carefully selecting respondents who are managers of various departments at these institutions, as they are senior management responsible for making strategic decisions and coordinating resources. Managers were chosen from eleven departments: human resources/administration, finance, accounting, underwriting, sales, quality assurance, IT engineering, internal audit, procurement, and marketing. The sample size

for this study was 50 respondents.

The questionnaire had an introductory page, the content, and the structure of the questions. The questions were formulated clearly to ensure they were easily comprehensible and effectively communicated their intent and significance to the participants. Furthermore, the preliminary questionnaire was given to the college's academic staff for assessment and adjustment in accordance with the research goals. Cronbach's alpha coefficient proved the logic and sequence of the study instrument, assessing internal consistency, i.e., construct validity. The questionnaire demonstrated great reliability, with a Cronbach's alpha of 0.732. The questionnaire PF utilized a 5-point Likert scale where Strongly Agree was assigned a weight of 5, Agree a weight of 4, Neutral a weight of 3, Disagree a weight of 2, and Strongly Disagree a weight of 1.

"Strategic management," which included environmental scanning, strategy formulation, strategy implementation, evaluation, and control, was the study's independent variable. The dependent variable was "firm performance," measured by operational performance, profitability, and level of competition. The data was examined using frequency, percentage, weighted mean, Pearson's correlation statistics, and analysis of variance (ANOVA).

## **2.1.Data analysis and discussion**

### **2.1.1 Socio-demographic characteristics of respondents**

Fifty questionnaires were distributed in the study, and nearly all were completed and returned. The data analysis began by examining the socio-demographic traits of the participants, such as academic and professional qualifications, job title, and work experience. All participants in Table 1 possessed a minimum of a bachelor's degree or similar management-related professional certifications. They possess a strong understanding of strategic management, making the offered material highly relevant.

Aside from their academic and professional credentials, the respondents hold senior management roles and have significant years of experience within the company. Available positions: Operations Manager, Underwriting Manager, HR Manager, Branch Manager, Procurement Manager, Chief Executive Officer, IT Office Manager, Asset Manager, Safety and Quality Manager, Finance Manager, Chief of Accounting, and Managing Director. The results indicated that the respondents are knowledgeable about the strategic management process often linked to top management. Hence, the data collected from respondents of this quality can be deemed credible.

## **2.2 Strategic Management Process in the Company**

According to Table 2, 92% of those who answered said that their companies do environmental scanning, 84% said that strategies are made in line with the company's vision and mission statement, and 76% said that the programs, budgets, and procedures used to carry out strategies and policies have worked. Additionally, 76% of the participants stated that the companies consistently utilized evaluation and control methods to monitor corporate operations and performance outcomes. The results indicate that companies have effectively utilized environmental scanning, strategy design, plan implementation, and assessment and control methods to sustain their position as market leaders.

3. Results

The study showed that the chosen financial organizations in Kosovo predominantly engage in strategic management. Strategic management is an effective technique for enhancing a firm's profitability, operational performance, and competitiveness. The study indicated that there was a substantial association between strategic management and the corporate performance of the selected financial organizations based on the analysis of respondents' data and tested hypotheses.

The field of management is structured into macro- and micro-levels. The macro level deals with how organizations interact with external forces, while the micro level focuses on how managers navigate the environment in which they function.

The study has shown that management concerns have a strategic role in organizational operations. Implementing strategic management strategies can enhance the organization's performance and competitive position.

Firms in various economic sectors in Kosovo, particularly medium or large firms involved in production, trade, or services, should prioritize strategic management in their policies. This is crucial for organizational success. Furthermore, educational institutions in Kosovo should enhance their endeavors to encourage the study of strategic management.

It was suggested by other academics from the college that this study should be replicated in other economic sectors in Kosovo, which are substantial components of the country's economy. This would offer additional proof about the correlation and significance of strategic management and organizational performance in Kosovo.

Table 1

Table 1: Strategic Management Process in the Company

Strategic management process	%
Environmental scanning: Do you monitor, evaluate and disseminate your information from external and internal environments to key people within the organization?	92,0
Strategy formulation: Are strategies formulated in line with the company's vision and mission statements?	84,0
Implementation of the strategy: Are the measures adopted to implement strategies and policies effective?	76,0
Evaluation and control: Do senior managers receive clear and unbiased information from subordinates to evaluate and control activities and performance results?	76,0

**Table 1** analysis showed that almost 80% of respondents reported that enterprises extensively implemented strategic management practices. The study demonstrated that major corporations effectively utilize strategic management methods to achieve a competitive edge.

Table 2

Table 2: Extent of Strategic Management Practice (%)

implementation	famously	Good	Fer	poorly	Very weak
Examine the degree to which the strategic management process is practiced in your company	52,0	28,0	18,0	2,0	0,0

2.3.Strategic Management and Operational Performance of the Firm

Table 2 analyzes how the strategic management process impacts organizations' operational performance. More than 80% of participants stated that strategic management enhances their firms' efficiency by reducing costs and increasing production. The high mean score of 4.30 out of a possible maximum score of 5.00 supported this. A significantly high mean score of 4.36 indicates that 90% of the participants agreed that strategic management aids in the timely delivery of products by businesses. Additionally, 90.0% of respondents believed that strategic management helps with the utilization of human and material resources, according to a high average rating of 4.26. Analysis revealed that 88.0% of respondents agreed that strategic management results in product innovation, with a high mean value of 4.30. The high score of 4.46 suggests that nearly all participants agreed that strategic management enhances their companies' quality.

Table 3: The Effect of Strategic Management on the Firm's Operational Performance (%)

Operational perormancia	SH	M	F	D	ShD	Mes.
- Increases efficiency (reduces costs and increases productivity)	52,0	36,0	6,0	2,0	4,0	4,30
	50,0	40,0	8,0	0,0	2,0	4,36
-Increases the timely distribution of products	40,0	50,0	8,0	0,0	2,0	4,26
- It helps the use of human and material resources						
- Brings product innovation	46,0	42,0	10,0	0,0	2,0	4,30
-Improves the quality of the company's product	50,0	46,0	4,0	0,0	0,0	4,46

The first hypothesis was tested by regressing the level of strategic management practice with the operational performance of the selected organizations to determine if strategic management had a significant effect on operational performance. The analysis in Table 5 indicates that the strategic management processes of the selected firms can only account for approximately 25% of the variation in operating performance, as indicated by the R2 value. However, there is a positive relationship between the strategic management process and the operating performance of firms (R = 0.508). This demonstrates that enhancing the implementation of strategic management leads to improved operational performance in firms. The ANOVA analysis and Table 6 demonstrate that strategic management practice significantly impacted the firm's operational performance (F = 16.729, p < 0.05). Strategic management has enhanced operational performance and structural development in businesses.

Table 4: Relationship between strategic management and operational performance

R	R në katrorë	R në katror e axhustuar	Gabimi standard i vlerësimit
0,508	0,258	0,243	0,504

a. Predictors: (Constant), Strategic Management

Table 5: Effect of Strategic Management on Operational Performance (ANOVA)

Model	The sum of the square	df	Mean square	F	Sig.
regression	4,244	1	4,244	16,729	0,000
Remaining	12,176	48	0,254		
TOTAL	16,420	49			

a. Dependent variable: operational performance

b. Predictors: (constant), strategic management practice

2.4.Strategic management and organizational profitability

Table 6 analyzes how strategic management practices impact organizations' profitability. 88.0% of the 50 respondents agreed that organizations' profit margin increases with a strategic management approach, as indicated by the high mean score of 4.30 out of 5. Furthermore, 84.0% of the participants acknowledged that strategic management led to a rise in the company's sales turnover, supported by a mean value of 4.12. The investigation showed that 90.0% of the participants believed that strategic management has boosted the company's return on investment, as indicated by a high mean value of 4.26.

Table 6: The effect of strategic management on profitability (%)

Profitability	SH	M	F	D	ShD	average
The company's profit margin has increased	52,0	36,0	6,0	2,0	4,0	4,12
Brings growth in the company's sales	40,0	44,0	8,0	4,0	4,0	4,12
Increase return on investment (ROI)	40,0	50,0	8,0	0,0	2,0	4,26

Table 7: Relationships between strategic management and profitability

R	R squared	R squared adjusted	Standard error of estimate
0,562	0,316	0,301	0,814

a) Predictors: (Constant), Strategic Management

Table 8: The effect of strategic management on profitability (ANOVA)

Model	The sum of the square	df	Mean squared	F	Sig.
regression	14,676	1	14,674	22,131	0,000
Remaining	31,826	48	0,663		
TOTAL	46,500	49			

- a. Dependent variable: profitability
- b. Predictors: (constant), strategic management practice

2.5.Strategic Management and Competitiveness of Firms

Table 9 is an overview of how strategic management impacts organizations' capacity to compete effectively in the sector. 90% of respondents agreed that their firms achieved market leadership through the use of strategic management, resulting in increasing market share. This was verified by the elevated mean value of 4.30. It was demonstrated that 82.0% of respondents felt that strategic management ensures their items are accessible in the market, as indicated by the mean value of 4.26. The company's strategic management approach was identified as a sustainable instrument for enhancing marketing strategies and enabling quick responses to changes in business settings, along with driving market expansion and enhancing product availability. This was shown by the elevated mean values of 4.22 and 4.30, respectively.

Table 9: The Effect of Strategic Management on Competition (%)

Competition	SH	M	N	D	ShD	Means.
The company gains market leadership (market share)	46,0	44,0	6,0	2,0	2,0	4,30
The company's products are already on the market,						
MS enhances marketing strategies and customer retention	50,0	32,0	14,0	2,0	2,0	4,26
MS increases the firm's flexibility to respond quickly to changes in business environments	44,0	48,0	2,0	6,0	0,0	4,30



The study tested the third hypothesis regarding the relationship between strategic management and firm competitiveness using Pearson correlation analysis. The results indicated a significant and positive relationship between strategic management and firms' level of competition ( $r = 0.623$ ,  $p < 0.01$ ), as shown in Table 11. Strategic management is closely linked to a company's competitiveness. As strategic management practices increase, competition levels also rise. The strategic management process enhances the company's market share.

**Table 10: Correlation of Strategic Management and Competition**

		Strategic management	Competition
Strategic management	Pearson correlation	1	0,623**
	Sig. (February 2)		0,000
	N	50	50
Competition	Pearson's correlation	0,653**	1
	Sig. (February 2)	0,000	
	N	50	50

**\*\* Correlation is significant at the 0.01 level (2-February)**

The study tested whether strategic management affects organizational profitability by analyzing the relationship between the level of strategic management implementation and the profit margin of chosen organizations. Strategic management in the selected organizations may account for 32% of the variation in profitability, as indicated by the R2 value. There is a positive correlation between strategic management and company profitability, with an R value of 0.562. When strategic management practices improve, organizational profit also grows. An analysis of variance (ANOVA) and Table 9 indicate that engaging in strategic management had a notable impact on organizational profitability ( $F = 22.131$ ,  $p < 0.05$ ). This study's findings demonstrate that strategic management enhances organizational profitability.

#### 4. Conclusions

The globe is increasingly interconnected, and Kosovo must keep up with this global trend.

Organizations need to be more attentive to strategic challenges and proactive in addressing emerging issues by making strategic decisions for action.

To fully benefit from strategic management, consider the following:



- Addressing the underlying causes of possible problems in advance.
- Developing efficient systems to identify and respond to early warning signs or red flags.
- Accurate identification of individuals and their viewpoints.
- Implementation of structured and methodical learning.
- Efficiently accumulating assets and utilizing scarce resources.

The research indicates that strategic management activities significantly impact organizational performance. It emphasizes the crucial role of senior managers in the success of the company. Managers need to have conceptual, interpersonal, technical, and political knowledge, along with experience, integrity, and ethics, to effectively handle the company's challenges and requirements.

Organizations value strategic plans highly, as they are comprehensive organizational blueprints that establish overall objectives and the organization's position within its environment, guiding efforts to achieve goals.

Organizations should focus on environmental scanning, which involves examining and analyzing extensive information to identify new trends in the environment and to develop scenarios for potential competition and other environmental factors. Competitive intelligence must be a significant factor in this. The organization needs precise data about competitors to allow management to anticipate competitors' potential activities rather than just respond to them. The SWOT analysis, which identifies the company's organizational opportunities, is crucial for this reason.

Organizations need to establish a sustainable performance management system that encompasses setting performance standards and assessing performance to make informed decisions on resource allocation.

Appendix A

Table 1: Socio-demographic characteristics of the respondents

Characteristics	Frequency	The percentage
<b>Academic qualifications</b>		
high school	11	22,0
Bachelor	31	62,0
Masters	8	16,0
<b>TOTAL</b>	<b>50</b>	<b>100,0</b>
<b>Professional qualifications</b>		
financial analyst,	2	4,0
Certified Accountants,	4	8,0
Tax Associate,	3	6,0
Economist	10	20,0
lawyer,	7	14,0
Personnel Management,	3	6,0
Auditor i brendshëm,	5	10,0
Menaxhment,	6	12,0
Inxhinier	4	8,0
IT	6	12,0
	<b>50</b>	<b>100,0</b>
<b>TOTAL</b>		
<b>Years of working in the company</b>		
1 – 4	17	34,0
5 – 9	19	38,0
10 – 14	7	14,0
15 – 19	6	12,0
20 – 29	1	2,0
	<b>50</b>	<b>100,0</b>
<b>TOTAL</b>		

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