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**A Review of Strategic Management Theories and Practices**

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Peer Review Information	Abstract
<p><i>Submission: 11 April 2022</i></p> <p><i>Revision: 26 April 2022</i></p> <p><i>Acceptance: 05 May 2022</i></p> <p><b>Keywords</b></p> <p><i>Strategic management, competitive advantage, strategy formulation, resource-based view, dynamic capabilities, corporate strategy</i></p>	<p>Strategic management is a core discipline in business and organizational studies, concerned with formulating, implementing, and evaluating decisions that enable organizations to achieve long-term objectives and sustain competitive advantage. Over time, strategic management has evolved from classical planning approaches to complex, dynamic, and resource-based perspectives that address uncertainty, globalization, technological change, and competitive intensity. This review critically examines the major theories and practices of strategic management, including classical, resource-based, competitive, dynamic capabilities, stakeholder, and contemporary digital-era approaches. By synthesizing insights from foundational and modern literature, the paper highlights the strengths, limitations, and practical relevance of key strategic frameworks. A comparative analysis of dominant theories is presented, followed by a discussion of current challenges and emerging trends in strategic management practice. The review concludes by emphasizing the need for integrative and adaptive strategic approaches in an increasingly complex business environment.</p>

**Introduction**

Strategic management is a fundamental field of study that focuses on how organizations define their direction, allocate resources, and achieve long-term success in competitive and dynamic environments. It involves a systematic process of analyzing the internal and external environments, formulating strategies, implementing those strategies effectively, and continuously evaluating performance to ensure organizational objectives are met. In an era characterized by globalization, rapid technological advancement, and volatile markets, strategic management has become more critical than ever.

Historically, strategic management emerged from business policy and planning disciplines during the mid-twentieth century. Early approaches emphasized long-range planning and managerial control, assuming relatively stable environments

where forecasting and structured decision-making could guide organizational success. However, as competition intensified and environmental uncertainty increased, scholars and practitioners recognized the limitations of purely rational and linear planning models.

The evolution of strategic management theories reflects changing assumptions about organizations, markets, and competition. Classical theories, such as the **planning school** and **positioning school**, focused on deliberate strategy formulation and competitive positioning within industries. These approaches emphasized analytical tools such as SWOT analysis, Porter's Five Forces, and generic competitive strategies. While highly influential, these models often underestimated organizational complexity and environmental turbulence.

The emergence of the **resource-based view (RBV)** marked a significant shift in strategic

thinking. Rather than focusing solely on external industry conditions, RBV emphasized internal organizational resources and capabilities as the primary sources of sustainable competitive advantage. This perspective highlighted the importance of intangible assets such as knowledge, skills, organizational culture, and innovation capabilities.

As business environments became increasingly dynamic, scholars introduced the concept of **dynamic capabilities**, which explains how firms adapt, integrate, and reconfigure internal and external competencies in response to environmental change. This theory acknowledges that competitive advantage is not static and must be continuously renewed.

In parallel, **stakeholder theory** expanded the scope of strategic management beyond shareholder value, emphasizing the ethical and social responsibilities of organizations toward employees, customers, communities, and governments. This perspective has gained prominence in response to sustainability concerns, corporate social responsibility, and governance failures.

Modern strategic management practices increasingly incorporate **digital transformation, globalization, and strategic agility**. Technologies such as artificial intelligence, big data, and platform-based business models have disrupted traditional strategies, forcing organizations to rethink how value is created and sustained. Strategic decision-making today requires flexibility, learning orientation, and cross-functional integration.

Despite extensive theoretical development, a persistent gap exists between strategic management theory and practice. Managers often struggle to translate abstract frameworks into actionable strategies, particularly in complex and uncertain environments. Therefore, a comprehensive review of strategic management theories and practices is necessary to understand their relevance, limitations, and applicability in contemporary organizations.

This review aims to synthesize key strategic management theories, examine their practical implications, and provide a comparative analysis that highlights their contributions to organizational performance. By integrating classical and contemporary perspectives, the paper offers insights into how strategic management continues to evolve in response to global business challenges.

### Literature Review

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5. Mintzberg, H. (1987) – Emergent strategy
6. Barney, J. (1991) – Resource-based view
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9. Teece, D. J., et al. (1997) – Dynamic capabilities
10. Eisenhardt, K. M., & Martin, J. A. (2000) – Capabilities in dynamic markets
11. Freeman, R. E. (1984) – Stakeholder theory
12. Johnson, G., et al. (2017) – Exploring strategy
13. Rumelt, R. (2011) – Good strategy, bad strategy
14. Grant, R. M. (2019) – Contemporary strategy analysis
15. Kaplan, R. S., & Norton, D. P. (1996) – Balanced scorecard
16. Porter, M. E., & Kramer, M. (2011) – Shared value
17. Christensen, C. (1997) – Disruptive innovation
18. Hitt, M. A., et al. (2016) – Strategic management competitiveness
19. Whittington, R. (2001) – Strategy perspectives
20. Teece, D. J. (2018) – Business models and strategy
21. Northouse, P. (2019) – Leadership and strategy
22. Collis, D., & Montgomery, C. (2008) – Corporate strategy
23. Barney, J., & Hesterly, W. (2021) – Strategic management
24. Peng, M. W. (2017) – Global strategy
25. Porter, M. E. (2008) – Five forces revisited

### Major Strategic Management Theories

#### 1. Classical and Planning Theories

Emphasize rational analysis, long-term planning, and top-down strategy formulation.

#### 2. Competitive Positioning Theory

Focuses on industry structure, competitive forces, and strategic positioning.

#### 3. Resource-Based View

Highlights firm-specific resources and capabilities as sources of advantage.

#### 4. Dynamic Capabilities Theory

Explains how firms adapt strategies in rapidly changing environments.

#### 5. Stakeholder and Ethical Perspectives

Expand strategy objectives beyond profit maximization.

#### 6. Contemporary Strategic Practices

Include digital strategy, innovation-driven strategy, and agile management.

**Comparative Table and Analysis**

Theory	Focus	Strengths	Limitations
Classical	Planning & control	Clarity	Rigid
Competitive	Industry forces	Market insight	External bias
RBV	Internal resources	Sustainability	Measurement issues
Dynamic capabilities	Adaptability	Flexibility	Abstract
Stakeholder	Ethics & society	Legitimacy	Complexity
Digital strategy	Innovation	Speed	Uncertainty

**Analysis:**

Strategic management theories have evolved in response to increasing environmental complexity, competitive intensity, and organizational diversity. An expanded analysis of these theories reveals that strategic management is no longer a linear or static process but a dynamic and integrative discipline that requires continuous alignment between organizational resources, external conditions, and long-term objectives.

The **classical and planning-based approaches** to strategic management emphasize rationality, predictability, and control. These models assume that managers can analyze their environments, forecast future trends, and design optimal strategies accordingly. Tools such as SWOT analysis and long-range planning remain valuable for establishing organizational direction, particularly in stable environments. However, analytical evidence suggests that these approaches struggle to cope with rapid technological change, disruptive innovation, and uncertainty.

The **competitive positioning perspective**, most notably advanced by Porter, provides a strong analytical framework for understanding industry structure and competitive forces. This theory contributes significantly to strategic clarity by helping firms identify cost leadership, differentiation, or focus strategies. Nevertheless, its external orientation limits its explanatory power in knowledge-based economies, where firm-specific capabilities often outweigh industry structure.

The **resource-based view (RBV)** represents a major analytical shift by emphasizing internal resources and capabilities as sources of sustainable competitive advantage. Empirical studies support the RBV's assertion that

intangible assets—such as organizational culture, knowledge, and innovation capacity—are more difficult for competitors to imitate. However, RBV has been criticized for its static nature and limited guidance on how resources are developed or transformed over time.

To address this limitation, **dynamic capabilities theory** extends RBV by focusing on organizational adaptability. Dynamic capabilities emphasize sensing opportunities, seizing them through strategic action, and transforming organizational resources. Analytical comparison shows that this theory is particularly relevant in fast-changing industries such as technology and digital platforms. However, its abstract nature makes practical implementation challenging.

The **stakeholder perspective** broadens strategic analysis beyond profit maximization, emphasizing long-term value creation through ethical governance and social responsibility. While this approach enhances legitimacy and sustainability, it also increases strategic complexity by requiring firms to balance diverse stakeholder interests.

Overall, the analysis indicates that effective strategic management does not rely on a single theory. Instead, organizations increasingly adopt **hybrid strategic frameworks**, integrating competitive analysis, internal capability development, adaptability, and stakeholder engagement.

**Discussion**

The expanded analysis of strategic management theories highlights the increasing need for adaptability, integration, and contextual awareness in strategic decision-making. One of the most important insights is that strategy formulation and implementation are deeply interconnected processes rather than sequential steps. In practice, strategies often emerge through learning, experimentation, and continuous adjustment.

Classical and competitive strategies continue to provide foundational value by offering structured approaches to environmental analysis and positioning. However, their relevance is increasingly conditional on environmental stability. In volatile and uncertain markets, rigid planning models often fail to respond quickly to change. As a result, many organizations now treat formal planning as a guiding framework rather than a deterministic blueprint.

The discussion further emphasizes the growing importance of **internal capabilities** in shaping strategic outcomes. Resource-based and dynamic capability perspectives demonstrate that long-term success depends on how effectively organizations develop, integrate, and reconfigure

their resources. Knowledge management, organizational learning, and innovation capability have emerged as critical strategic priorities.

From a practical standpoint, the integration of **digital technologies** has significantly altered strategic management practices. Data analytics, artificial intelligence, and digital platforms enable faster decision-making and real-time performance monitoring. These tools support strategic agility but also require new managerial competencies and organizational structures.

Stakeholder-oriented strategies are increasingly relevant in response to environmental sustainability, corporate governance, and social accountability pressures. Organizations that ignore stakeholder expectations risk reputational damage and regulatory intervention. However, implementing stakeholder-based strategies requires clear prioritization mechanisms to avoid strategic ambiguity.

The discussion also highlights a persistent gap between strategy theory and managerial practice. While academic frameworks offer conceptual clarity, managers often face constraints related to time, information, and organizational politics. Bridging this gap requires translating theoretical insights into actionable tools, metrics, and decision-support systems.

Ultimately, the discussion reinforces that strategic management is a **context-dependent and evolving discipline**, requiring continuous learning and integration across functional and organizational boundaries.

### Conclusion

This review has demonstrated that strategic management theories and practices have evolved significantly in response to changing business environments and organizational challenges. From early planning and positioning models to contemporary resource-based, dynamic, and stakeholder-oriented perspectives, strategic management has become a multidimensional field that integrates economic, organizational, and ethical considerations.

The review concludes that no single strategic management theory is sufficient to explain or guide organizational success across all contexts. Classical and competitive theories provide valuable analytical structure, while resource-based and dynamic capability perspectives explain how firms sustain competitive advantage in uncertain environments. Stakeholder theory further expands strategic objectives to include social legitimacy and long-term sustainability.

A key conclusion is that **strategic flexibility and learning capacity** are essential for modern

organizations. Firms that continuously adapt their strategies, invest in capability development, and align with stakeholder expectations are better positioned to survive and thrive in turbulent markets. The integration of digital technologies further enhances strategic responsiveness but also introduces new risks and complexities.

From a managerial perspective, the future of strategic management lies in **integrative and adaptive approaches** that combine analytical rigor with creative problem-solving. Strategy must be viewed not as a fixed plan but as an ongoing process of alignment between internal strengths and external opportunities.

In conclusion, strategic management remains a critical discipline for achieving sustainable competitive advantage. As global competition, technological disruption, and societal expectations continue to intensify, strategic management theories and practices will continue to evolve, reinforcing their relevance in both academic research and organizational practice.

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