Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas

Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)

ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

ISSUES OF IMPROVING THEORETICAL FOUNDATIONS AND PRACTICAL MECHANISMS OF THE STRATEGIC MANAGEMENT SYSTEM IN EFFECTIVE ORGANIZATION MANAGEMENT

Kalanova Dilnoza Muratovna
Graduate School of Business and Entrepreneurship
dilnozakalonova847@gmail.com

Abstract

This article examines the widening gap between classical strategic management theory and the operational realities facing organizations in 2026. The research objective is twofold: first, to identify structural weaknesses in prevailing theoretical frameworks when applied to digitally interconnected, fast-moving markets; second, to propose practical mechanisms that bridge theory and execution. The methodology combines a critical literature review of foundational and contemporary strategic models with an analysis of emergent organizational practices, including AI-driven analytics, ESG integration, and Agile strategic planning. Key findings indicate that organizations achieving sustained competitive advantage are those that treat strategic management not as a periodic planning exercise but as a continuous, data-informed, adaptive system. The article concludes with a step-by-step implementation framework that synthesizes established analytical tools (SWOT, PESTEL, Balanced Scorecard) with modern digital capabilities.

Keywords: Strategic Management, Digital Transformation, ESG, Agile Strategy, Resource-Based View, Competitive Advantage

Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas
Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)
ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

1. Introduction

The global business environment in 2026 operates under conditions that classical strategists could not have fully anticipated. Supply chain fragmentation, accelerating AI adoption, geopolitical realignment, and rising stakeholder expectations around sustainability have compressed strategic planning cycles from years to months, and in some sectors, to weeks.

Yet many organizations still rely on strategic management systems designed for slower, more predictable markets. Annual planning retreats produce documents that lose relevance before implementation begins. Strategy formulation remains disconnected from strategy execution. Leadership teams debate vision statements while operational teams improvise responses to market shifts in real time.

This disconnect is not merely operational. It is theoretical. The frameworks taught in business schools and referenced in boardrooms were built on assumptions of relative environmental stability, bounded competition, and shareholder primacy. Each of these assumptions is now under pressure.

This article addresses a central question: How can organizations modernize both the theoretical foundations and practical mechanisms of their strategic management systems to achieve effective, sustained performance?

The article proceeds in five sections. It reviews classical and contemporary theoretical frameworks, identifies systemic challenges in current practice, proposes practical improvement mechanisms, and offers an integrated implementation framework.

2. Theoretical Foundations of Strategic Management

2.1 Classical Frameworks

Strategic management as a formal discipline emerged in the 1960s with the work of Chandler (1962), Ansoff (1965), and Andrews (1971). These scholars established the field's core logic: organizations must align internal capabilities with external opportunities through deliberate, long-range planning.

Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas
Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)
ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

Porter's Competitive Strategy refined this logic in the 1980s. Porter (1980) introduced the Five Forces model, which analyzes industry attractiveness through the lens of competitive rivalry, supplier power, buyer power, threat of substitutes, and threat of new entrants. His generic strategies framework (cost leadership, differentiation, focus) gave managers a vocabulary for positioning decisions. However, Porter's model assumes relatively stable industry boundaries, an assumption that digital platform economics and cross-industry convergence have weakened considerably (Teece, 2018).

The Resource-Based View (RBV), advanced by Wernerfelt (1984) and Barney (1991), shifted attention inward. RBV argues that sustained competitive advantage derives from resources and capabilities that are valuable, rare, inimitable, and non-substitutable (the VRIN criteria). This framework remains influential, but critics note that it underestimates the speed at which resources depreciate in technology-driven markets (Kraaijenbrink et al., 2010). A proprietary data set that confers advantage today may become commoditized within a single product cycle.

Dynamic Capabilities Theory, proposed by Teece, Pisano, and Shuen (1997), extended RBV by emphasizing the organizational capacity to sense, seize, and transform. This theory directly addresses environmental volatility and has gained relevance as markets have become less predictable. Organizations with strong dynamic capabilities reconfigure their resource base continuously rather than defending static positions.

2.2 Contemporary Frameworks

Blue Ocean Strategy, introduced by Kim and Mauborgne (2005), challenged the assumption that competitive advantage requires outperforming rivals within existing markets. Instead, it advocates creating uncontested market space through

Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas
Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)
ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

value innovation, simultaneously pursuing differentiation and low cost. The framework has proven useful for organizations entering saturated markets, though its applicability depends heavily on the organization's capacity for creative strategic thinking and tolerance for ambiguity.

Platform and Ecosystem Strategy reflects the reality that value creation increasingly occurs across organizational boundaries. Parker, Van Alstyne, and Choudary (2016) demonstrated that platform-based business models generate network effects that traditional linear models cannot replicate. Strategic management in this context requires managing not just internal operations but entire ecosystems of partners, developers, and users.

Stakeholder Theory, originally articulated by Freeman (1984) and revitalized by the ESG movement, has moved from the periphery to the center of strategic discourse. The argument that firms must balance the interests of shareholders, employees, customers, communities, and the environment is no longer a normative aspiration. It is a strategic requirement, driven by regulatory mandates, investor screening criteria, and consumer preferences (Eccles and Klimenko, 2019).

2.3 Theoretical Gaps

Despite these advances, a persistent gap remains between strategic theory and organizational practice. Most frameworks describe what organizations should consider but provide limited guidance on how to operationalize strategic intent under conditions of deep uncertainty. RBV identifies what makes resources valuable but does not prescribe how to build them. Dynamic Capabilities Theory describes organizational agility in abstract terms but offers few concrete mechanisms. Blue Ocean Strategy inspires new market thinking but provides limited support for execution in regulated or capital-intensive industries.

Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas
Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)
ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

This gap between strategic diagnosis and strategic action is the central problem this article addresses.

3. Current Challenges in Strategic Management Practice

Organizations implementing strategic management systems in 2026 face several systemic challenges.

Strategy-execution disconnect. Research by Sull, Homkes, and Sull (2015) found that only 8% of senior leaders rated their organizations as effective at both strategy and execution. The root cause is structural: strategy formulation often occurs at the top of the hierarchy, while execution depends on distributed decision-making across middle management and front-line teams. Without clear translation mechanisms, strategic priorities become distorted or ignored as they move through the organization.

Data overload without analytical integration. Organizations now generate and access more data than at any point in history. However, data volume does not equal strategic insight. Many organizations collect extensive market, customer, and operational data but lack the analytical infrastructure to synthesize it into actionable strategic intelligence. The result is decision-making that remains intuition-driven despite the availability of evidence (McAfee and Brynjolfsson, 2012).

Short-termism and planning rigidity. Quarterly reporting cycles and financial market pressures incentivize short-term optimization at the expense of long-term strategic positioning. Simultaneously, organizations that do engage in long-term planning often produce rigid, document-heavy strategic plans that cannot adapt to emerging conditions. Both patterns undermine strategic effectiveness.

Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas
Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)
ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

ESG integration as an afterthought. While ESG considerations have gained prominence, many organizations treat sustainability as a compliance function rather than a strategic driver. This creates missed opportunities: organizations that integrate ESG criteria into core strategy can access new markets, reduce regulatory risk, attract talent, and build brand resilience (Friede, Busch, and Bassen, 2015).

Cultural resistance to adaptive strategy. Shifting from periodic, top-down strategic planning to continuous, distributed strategic adaptation requires a cultural transformation that many organizations underestimate. Employees and managers accustomed to stable, hierarchical planning processes may resist the ambiguity and speed that adaptive strategy demands.

4. Practical Mechanisms for Improvement

4.1 Digital Transformation of Strategic Processes

Digital transformation is not simply an operational upgrade. It is a strategic capability. Organizations that digitize their strategic management processes gain three advantages: speed (faster environmental scanning and scenario analysis), precision (data-driven rather than assumption-driven decisions), and reach (broader participation in strategic thinking across the organization).

Specific mechanisms include deploying enterprise-grade business intelligence platforms that consolidate market, financial, and operational data into real-time dashboards accessible to strategic decision-makers. Cloud-based collaboration tools enable geographically distributed leadership teams to engage in continuous strategic dialogue rather than relying on periodic retreats.

4.2 AI-Driven Strategic Analytics

Artificial intelligence extends digital transformation by enabling predictive and prescriptive analytics. Machine learning models can identify patterns in customer

Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas
Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)
ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

behavior, competitive dynamics, and macroeconomic indicators that human analysts may miss or detect too slowly.

For example, AI-powered scenario planning tools can simulate thousands of strategic options under varying assumptions, helping leadership teams evaluate risk and return profiles with greater rigor. Natural language processing can scan regulatory filings, patent databases, and news sources to provide early warning of competitive moves or policy shifts (Davenport and Ronanki, 2018).

The critical constraint is that AI augments but does not replace strategic judgment. Algorithms optimize for defined objectives. Defining those objectives, weighing trade-offs between stakeholder interests, and making value-laden decisions about organizational direction remain human responsibilities.

4.3 ESG as a Strategic Pillar

Integrating ESG criteria into strategy requires moving sustainability from the corporate social responsibility department to the strategy function. This means conducting materiality assessments to identify which ESG factors most directly affect the organization's competitive position and long-term viability.

Organizations that embed ESG into strategic planning report improved risk management, stronger stakeholder relationships, and enhanced access to capital markets (Clark, Feiner, and Viehs, 2015). The mechanism is straightforward: ESG metrics should be included alongside financial metrics in strategic dashboards, Balanced Scorecards, and KPI frameworks.

4.4 Agile Strategic Planning

Agile methodologies, originally developed for software engineering, offer a model for strategic planning under uncertainty. The core principles are relevant: iterative development, continuous feedback, cross-functional collaboration, and rapid adaptation.

Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas
Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)
ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

In practice, Agile strategic planning involves replacing annual strategic plans with quarterly strategic cycles. Each cycle includes environmental scanning, hypothesis formation, resource allocation, execution, and review. Strategic priorities are treated as testable hypotheses rather than fixed commitments. Teams conduct short "strategy sprints" to test assumptions and adjust direction based on evidence (Rigby, Sutherland, and Noble, 2018).

This approach does not eliminate long-term vision. It separates long-term directional intent (which changes slowly) from tactical strategic priorities (which adapt quarterly or monthly).

5. Implementation Framework

The following framework synthesizes established analytical tools with the practical mechanisms described above. It is designed for organizations seeking to modernize their strategic management systems without abandoning proven diagnostic methods.

Phase 1: Strategic Diagnosis. Conduct a PESTEL analysis (Political, Economic, Social, Technological, Environmental, Legal) to map the external environment. Layer AI-driven data analytics onto this analysis to move from static snapshots to dynamic, continuously updated environmental intelligence. Simultaneously, perform an internal SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), supplementing traditional management input with operational data from enterprise systems. Include ESG materiality assessment as a standard component of both PESTEL and SWOT.

Phase 2: Strategic Formulation. Use the diagnostic outputs to define three to five strategic priorities for the next 12 months. Frame each priority as a testable hypothesis. Apply competitive analysis frameworks (Porter's Five Forces, Blue

Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas
Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)
ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

Ocean Strategy canvas) to validate positioning choices. Assess resource requirements using RBV criteria and dynamic capabilities logic.

Phase 3: Strategic Translation. Deploy a Balanced Scorecard to translate strategic priorities into measurable objectives across four dimensions: financial performance, customer value, internal processes, and learning and growth. Define specific KPIs for each objective. Assign ownership of each KPI to a responsible team or individual. Integrate ESG metrics into the Scorecard as a fifth dimension or embed them across existing dimensions.

Phase 4: Agile Execution. Organize execution around quarterly strategy sprints. Each sprint begins with a brief alignment session, proceeds through focused execution, and concludes with a review of results against KPIs and strategic hypotheses. Adjust resource allocation and priorities based on evidence gathered during each sprint. Use digital dashboards to maintain real-time visibility into execution progress.

Phase 5: Continuous Learning and Adaptation. Establish a formal mechanism for capturing strategic lessons after each quarterly cycle. Feed these lessons back into the diagnostic phase, creating a closed-loop strategic management system. Invest in building organizational dynamic capabilities by training managers in data literacy, scenario thinking, and adaptive leadership.

6. Conclusion

Organizations that refine their strategic management systems gain three durable competitive advantages.

First, they achieve strategic coherence. By connecting diagnosis, formulation, translation, and execution through a continuous loop, they eliminate the fragmentation that undermines most strategic initiatives.

Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas
Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)
ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

Second, they build adaptive capacity. Agile planning cycles and AI-driven analytics allow them to respond to environmental shifts faster than competitors locked into rigid annual plans.

Third, they create stakeholder trust. Integrating ESG criteria into core strategy signals long-term commitment to value creation that extends beyond quarterly earnings, strengthening relationships with investors, regulators, employees, and communities.

The theoretical foundations of strategic management remain valuable. Porter's competitive analysis, the Resource-Based View, Dynamic Capabilities, and Blue Ocean Strategy each illuminate critical dimensions of strategic choice. The problem has never been the theories themselves. It has been the failure to connect them to living, adaptive organizational systems.

The implementation framework proposed in this article offers one path forward. It does not require organizations to abandon what works. It requires them to integrate what works into a system that learns, adapts, and executes continuously.

References

1. Andrews, K.R. (1971). The Concept of Corporate Strategy. Dow Jones-Irwin.
2. Ansoff, H.I. (1965). Corporate Strategy. McGraw-Hill.
3. Barney, J.B. (1991). Firm Resources and Sustained Competitive Advantage. Journal of Management, 17(1), 99–120.
4. Chandler, A.D. (1962). Strategy and Structure. MIT Press.
5. Clark, G.L., Feiner, A., and Viehs, M. (2015). From the Stockholder to the Stakeholder. University of Oxford Working Paper.
6. Davenport, T.H. and Ronanki, R. (2018). Artificial Intelligence for the Real World. Harvard Business Review, 96(1), 108–116.
7. Eccles, R.G. and Klimenko, S. (2019). The Investor Revolution. Harvard Business Review, 97(3), 106–116.

Eureka Open Access Journals
Open Access | Peer Reviewed | International Journals | Multidisciplinary Areas

Eureka Journal of Business, Economics & Innovation Studies (EJBEIS)

ISSN 2760-4950 (Online) Volume 2, Issue 4, April 2026

https://eurekaoa.com/index.php/6

8. Freeman, R.E. (1984). Strategic Management: A Stakeholder Approach. Pitman.
9. Friede, G., Busch, T., and Bassen, A. (2015). ESG and Financial Performance. Journal of Sustainable Finance and Investment, 5(4), 210–233.
10. Kim, W.C. and Mauborgne, R. (2005). Blue Ocean Strategy. Harvard Business School Press.
11. Kraaijenbrink, J., Spender, J.C., and Groen, A.J. (2010). The Resource-Based View: A Review and Assessment. Journal of Management, 36(1), 349–372.
12. McAfee, A. and Brynjolfsson, E. (2012). Big Data: The Management Revolution. Harvard Business Review, 90(10), 60–68.
13. Parker, G., Van Alstyne, M., and Choudary, S.P. (2016). Platform Revolution. W.W. Norton.
14. Porter, M.E. (1980). Competitive Strategy. Free Press.
15. Rigby, D.K., Sutherland, J., and Noble, A. (2018). Agile at Scale. Harvard Business Review, 96(3), 88–96.
16. Sull, D., Homkes, R., and Sull, C. (2015). Why Strategy Execution Unravels. Harvard Business Review, 93(3), 58–66.
17. Teece, D.J. (2018). Business Models and Dynamic Capabilities. Long Range Planning, 51(1), 40–49.
18. Teece, D.J., Pisano, G., and Shuen, A. (1997). Dynamic Capabilities and Strategic Management. Strategic Management Journal, 18(7), 509–533.
19. Wernerfelt, B. (1984). A Resource-Based View of the Firm. Strategic Management Journal, 5(2), 171–180.