

## **An Analysis of the Contents of the Studies Carried Out on the Relationship between the Strategy and the Performance of the Organization**

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**Abstract:** The aim of this research is to analyze the methodology used in the papers that deal with the relationship between strategy and business performance in the last decade. In this context; it is intended to determine the fields of study on which the papers focus, the research methods and data collection techniques used and the findings achieved, and to compare and contrast the findings obtained with the methods of research used. In this research, a qualitative research method was used and the data were acquired through literature review. The data acquired were put to content analysis and they were analyzed within the theoretical framework formed in accordance with the objectives of the research. The main restriction of the research is that the academic papers only in the data bases of Emerald and Scencedirect were included in the research. Within this, 15 papers in both data bases mentioned were reviewed. The findings of the research indicate that the papers reviewed have been published in 10 different academic journals and they focus on 6 different fields. Furthermore, quantitative research methods were used in 11 of total 15 papers whereas qualitative research methods were used in 4 of them. Questionnaire technique was chosen to collect data in the papers in which quantitative research methods were used. On the other hand, while literature review was mainly preferred in the papers in which qualitative research methods were used, case method was used in one of them. The results of the research point out that the papers have similar findings although they have used different methods, and it has been found out that there is a positive relationship between strategy and business performance in the consequence of each paper.

**Key Words:** Strategy, performance, methodology.

### **Introduction**

Strategic management is an understanding which has focused on the organization's continuing its life and providing superiority in competition. Due to this, it is true and important to handle and explain the concepts of "performance" and "performance evaluation" with the approach of strategic management. The organizations should develop their strategies and evaluate to what extent they have fulfilled their strategies in order to continue their existence. The success measure in the market where the organizations operate is to obtain profitability above the average. Performance evaluation is an important means in finding out whether the organizations have achieved this profitability or not or to what extent they have achieved (Pongatichat & Johnston, 2008).

Today the rapid and intensive environmental changes and uncertainties affect the sector structures and the dynamics of the organizations, the organizational process and functions, the market structures directly. These interactions may cause the organizations to disappear in the area they operate in by affecting their performance and profitability. Because of this, performance and performance evaluation systems are very important for the

organizations. Performance evaluation systems make important contributions to the organizations especially in coping with the problems they will have in competing, continuing the operations and growing (Kilinc & et al., 2009). These contributions can also increase the number of the studies carried out on strategy and performance evaluation (Dyson, 2000).

There has been a dramatic change in the last two decades due to the nature of competition. Quality, intense, flexibility and cost have appeared to be important competition elements. In this period, the performance evaluations based on the traditional finance started to lose importance. At that time, new performance evaluation systems were developed by the researchers as a result of the studies carried out (Bititci & et al., 2001). For instance, the traditional performance evaluation process in the organizations was done in three ways. These were the turn over of the sales involving the financial evaluations, the turn over of the investment and the turn over of the properties. Today it is seen that there are non-financial evaluation systems beside the financial evaluation systems. Non-financial evaluation systems are handled with a strategic view and used to complete the missing parts of the traditional evaluations and to increase “the firm value” of the organizations (Jusoh, 2008; Kilinc & et al., 2010).

## **The Concepts of Strategic Management and Performance Evaluation**

Strategy is the process of determining the basic aims and goals of an organization and producing the supplies that are essential to achieve these aims (Chandler, 1962). For Mirze & Ulgen (2005), strategy is a whole of long-termed dynamic decisions which study the actions of the competitors, which focus on an end and which are made to achieve certain aims. According to Hitt & et al. (2005), strategy means targets planned to improve the basic core of the organization and to obtain a competition advantage and procedures followed to reach these targets. Lee and Carter (2005) describe strategy as a plan which the organization makes to show how it will fulfill its mission and vision.

For Mintzberg (1996), strategy is a multidimensional concept which includes the dynamics such as plan, maneuver, behavior form, point of view and positioning against the competitors. The main purpose of the strategy is to get an advantage against the competitors and to make it sustainable. Strategic management changes the strategy concept into a management understanding. According to Ansoff (1965), strategic management is an active process which guides the organization on how it can fulfill its aims. Teare and Boer (1996) describe strategic management as the process related to the development of “ideal” management systems for an active organization. For Aktan (2007), strategic management is a means which leads the organizations in the competition environment to what they can do, what strategies they should follow so as to compete with their competitors. Johnson and Scholes (1993) explain that the strategic management is the procedures followed to make the inner and outer environment analyses, to collect information, to make decisions, to make implementations by gathering the references and to evaluate the results in order that the organization can obtain sustainable competition superiority in the long term.

Performance in general is a concept which qualitatively and quantitatively determines an output obtained as a consequence of a planned and aimed activity (Percin, 2008). For Atakus (2006), performance is a comparison. He states that something that can not be measured will not be compared. Therefore, the concept of performance should be explained clearly for a good comparison. Kanj (2002) defines the performance evaluation as the methods which are used to perform the functions of the organization perfectly and to improve them. Beamon and Balcik (2008) say that performance evaluation is a form of evaluation made to measure the efficiency and validity of the functions of the organizations. Each organization has certain objectives and functions. The basic function of the business management is to bring the aims and objectives of the organization to the highest level possible. Performance evaluation determines to what extent the organization has reached this level (Akal, 2000). The contributions of performance evaluation can be listed as follows (Dilek, 2009):

- It enables the strategies of the organization to be supported, to be understood better and to be assimilated
- It makes contributions to the implementation of the strategies easily and making decisions about the management
- It enables to make a map of developments and changes in the organization so that the organization can have a dynamic structure which can renew itself
- It enables the organization to increase its productivity and efficiency

Performance evaluation systems are effective in developing strategies which are arranged according to the new environment conditions and which aim to fulfill the objectives instead of non-functional strategies developed before (Jusoh & Parnell, 2008).

## **Method**

This study aims to investigate the contents of the studies carried out on finding out the relationship between the strategy and the performance of the organization in the last decade by taking the methods used in these studies as a basis. Thus, it is the main objective of this study to determine the new tendency related to this subject. Within this, the fields where the articles focus on, the research methods and data collection techniques used and the findings they obtained will be found out and comments will be made on the findings.

The data used in the study were obtained through literature review. At this stage, the focus was which academic articles would be examined and their being original. The data collected were analyzed through content analysis in the theoretical fragment formed according to the objectives of the research. The basic limitation of the study is that only the articles published in emerald and science direct databases were involved in it. Due to this, fifteen articles published in both databases were evaluated. In addition, two things – obtaining the data easily and checking them- were considered essential in respect of the reliability of the research process.

## **Findings**

The papers involved in the population of the study and the basic findings obtained from these papers have been shown systematically in Table 1.

<b>Author(s) And Year</b>	<b>The Aim of the Study</b>	<b>The Basic Method Used</b>	<b>The Method for Data Collection</b>	<b>Analysis Techniques Used</b>	<b>Content</b>	<b>Findings</b>	<b>The Magazine in Which the Article was Published</b>
<b>Bititci &amp; et al., 2001</b>	To find out the relationships of the quantitative models affecting the performance by taking the performance evaluation studies published before as a basis	Qualitative Research	Literature Review	The Analysis of Dynamics and Sensitivity	Production Field	It makes suggestions about the quantitative models used in the performance evaluation system, which strategic productions should be made for the organizations and giving alternative strategic decisions.	International Journal of Production Economics
<b>Hitt A. &amp; et al., 2001</b>	To study the effect of human capital on the performance of the organization	Quantitative Research	Questionnaire Technique	Correlation Analysis	Human Resources	Two conclusions were reached in the study: First, there is an indirect relationship between human capital, the performance of the organization and the strategy. Second, there is an effective relationship between the supplies and the strategy.	Academy of Management Journal
<b>Pehrsson, 2001</b>	To study the effect of environmental changes on the strategic performance evaluations of the organizations	Qualitative Research	Literature Review	Sample Case Technique	Production Field	It states that organizations can obtain high performance by developing optimum strategies.	Management Decision
<b>Mc Adam &amp; Bailie, 2002</b>	To study the relationship between the strategies of the organizations and the performance evaluation. Plus, to search for the role of the improvement models for the organization.	Qualitative Research	Literature Review	Sample Case Technique	Production Field	It has been determined that strategy has an important effect on performance evaluation. Besides, it is thought that evaluations, evaluation structures and strategy are a complicated and dynamic structure and this situation is criticized in the study.	International Journal of Operations&P roduction Management
<b>Ruiz &amp; at el., 2002</b>	To determine the effect of the market, product and production factors when the organizations use the differentiation strategies in order that the organizations can grow more in the foreign market	Quantitative Research	Questionnaire Technique	Statistics with Multiple Variables, T-Test, Regression Analysis	Production Field	It has been pointed out that the factors such as market, production and organization are important elements in the extension of the organization in the foreign markets. In addition, it has been found out that these factors have an important effect on the performance of the organization.	International Marketing Review
	To examine the relationship	Quantitative	Questionnaire	Statistics	Production	The needs of the employees working in the	International

<b>Kathuria &amp; Porth, 2003</b>	between the functional strategy of the organization and the characteristic of the strategy management.	Research	Technique	with Multiple Variables, T-Test,	Field	organization should be considered in order to evaluate the relationship between strategy and management at the functional level together.	Journal of Operations & Production Management
<b>Bourne &amp; at el., 2003</b>	To study how important the approach based on the supplies is in finding out the performance and competence of the organization.	Qualitative Research	Literature Review		Production Field	In this paper it has been determined that the approach based on supplies has an important influence on the organizations. The approach based on supplies enables the organizations to see their supplies and competence.	International Journal of Operations & Production Management
<b>Bednall &amp; Valos, 2005</b>	To study the contribution of the strategy to searching for marketing in a certain area and with the purpose of gaining profit.	Quantitative Research	Questionnaire Technique	Statistics with Multiple Variables, ANOVA, Tamhane's T2	Production Field	This paper has shown that knowledge, internal policies and searching for the market are the factors that increase the market performance of the organizations. Besides, it has been found out that these factors are related with the strategies developed by Miles, Snow and Porter.	International Journal of Productivity Performance Management
<b>Megicks, 2007</b>	To examine the effect of small-scaled retailers and the strategies developed at different levels on the organization performance	Quantitative Research	Questionnaire Technique	Factor Analysis, Correlation	Production Field	This paper states that, at the functional level, the strategies implemented in the organizations at different levels have a great influence on the performance of the organization.	Management Decision
<b>Enticott &amp; Walker, 2008</b>	To study the effect of the relationships between the performances of the organizations which have a social responsibility and sustainable management on the organizations.	Quantitative Research	Questionnaire Technique	Correlation, Regression Analysis	Service Organizations	In this research paper, it is mentioned that, in order to reach high performances determined by the organizations, the organizations need not only the strategy but also the sustainable management and the support of the shareholders. In addition, there is an indirect relationship between sustainable management and sustainable performance.	Business Strategy and the Environment
<b>Pehrsson, 2008</b>	To find out the effect of strategy implementations which have a crucial role in setting value in the foreign markets on the organization.	Quantitative Research	Questionnaire Technique	Statistics with Multiple Variables, ANOVA, Correlation	Production Field/ Service Organizations	The organizations require product differentiation for making products and setting a value in the foreign markets. Also, the performances of the organizations which meet the expectations of the customers will increase.	European Business Review
<b>Chau,</b>	To explain the relationship among the efficiency of the	Qualitative Research	Literature Review		Production Field	Strategic performance management, the performance of the organization and team	Team Performance

<b>Sum 2008</b>	organization, the performance of the organization, the team strategy and the strategic performance management.					strategy exist at the operational or medium level and upper level. The efficiency can be interpreted as the phenomenon of strategic team performance management.	Management
<b>Parnell &amp; Dent, 2009</b>	To study the relationships between performance and strategic factors in strategic management schools.	Quantitative Research	Questionnaire Technique	ANOVA	Production Field/ Service Organizations	This paper states that there are different views about the performance of the organization and chance factor. Managers claim that bad situations are related to the chance factor.	Management Decision
<b>Gunby, 2009</b>	To find out what kind of a relationship there is between the strategy developing process and the performance of the organization.	Quantitative Research	Questionnaire Technique	Factor Analysis, Correlation	Service Organizations	It has been found out that the organizations which do not have the purpose of making profits are affected by the policies and changes in the process of developing strategy due to environmental conditions. This paper mentions that there is not an important change in the performances of the employees in the strategy developing process of the organizations which aim or do not aim to make profits.	Management Decision
<b>Fantazy &amp; at el., 2009</b>	To examine the relationship between performance, strategy and flexibility in the chain organizations.	Quantitative Research	Questionnaire Technique	Structural Equality Modeling	Production Field	This study suggests that performance has a great influence on flexibility and flexibility has a great influence on strategy. Making new products, providing flexibility and improving the supplies are essential for the customers, whereas the limit of the flexibility, creating new products, improving the supplies and time are the most important investment factors for the organizations which want to develop new strategies	Supply Chain Management: An International Journal

**Table 1:** The Studies Carried Out On the Relationship between the Strategy and the Performance

## Discussion and Results

In the recent years, the studies on the relationship between strategy and performance evaluation have mostly concentrated on the evaluation. The strategies determined by the organizations should be evaluated with correct criteria. Besides, organizations need to determine their strategies correctly. The organizations which do not determine their strategies correctly fail to improve their performances. In order to find out to what extent the organizations have reached the strategies they have determined, analyses should be made through correct evaluation systems. Misleading evaluation systems can not find out how successful the organization is in achieving the goals and objectives that it has determined before.

The other thing is that the functions in the organization should be arranged according to the strategies. Organizations must develop the competence and authority which are necessary to perform the functions determined before. In addition, correct decisions should be made in order to perform the functions successfully. The basic findings results that have been obtained with this research have been discussed below.

When the aims of the studies are considered, it has been seen that the common subjects dealt with are the factors which are essential for the organizations to grow in the foreign markets, the relationship between strategy and management, the effects of environmental conditions on the performance of the organization, determining the competence of the organization and finding out the relationship between the strategy and the performance of the organization. Among the studies carried out with different purposes, Bititci & et al. (2001) – the relationship between the quantitative models affecting the performance- and Hitt and et al. (2001) – the direct and indirect effects of the human capital on the performance of the organization- appear to be the most important. It has been found out that the researchers have involved the relationship between the strategy and performance indirectly in their studies with different purposes. One of the most important deficiencies in these studies is that they have not explained at what level this relationship is. The other deficiency is that the techniques used in these studies have not been mentioned sufficiently in the evaluation of the relationship between strategy and performance.

When the basic methods are considered, it is seen that five of these studies have used the qualitative research method and ten of them have used the quantitative research method. It has been found out that while the qualitative research method was preferred in the early 2000s, the quantitative research method was preferred in the later years. That the quantitative research method was used more in the studies can be interpreted as meaning that the researchers had a rationalist understanding. The reason why the qualitative research method was preferred less can be that the process of this research is troublesome and takes too much time and that the researchers do not know how to search and analyze the data. However, there is no paper in which both methods have been used together among the papers which form the population of the research. The use of both methods in the new studies which will be done in this field can be important in respect of the results to be obtained.

The papers were also examined in respect of the analysis techniques and it has been found out that sample case technique was used in the studies based on the qualitative research method, whereas statistics with multiple variables, ANOVA, Tamhane's T2, Correlation, Regression, Structural Equality Modeling and Factor Analyses techniques were preferred in the studies based on the quantitative research method. It has been determined that the analysis techniques suitable for the purpose of the research were preferred in the studies. Different from the analysis techniques used in the studies, Bititci and et al. (2001) used the analysis of dynamics and sensitivity and Fantazy and et al. (2009) used the structural equality modeling. The structural equality modeling is briefly the combination of the factor analysis and the regression analysis.

The content being analyzed, it is understood that the studies were carried out in the fields of production and service. Today it is essential that the outputs produced by the organizations and the inputs they have been using be evaluated in respect of quality and quantity related to the sectors that the organizations operate in. Among the studies, the study prepared by Hitt A. and et al. in 2001 on human resources is different from the others. In this paper, the researchers came to the conclusion that human capital had an influence on the strategy and the performance of the organization.

When the data collecting method is considered, it is seen that the researchers benefited from the literature review and the questionnaire technique. While the literature review was preferred as the data collecting method in the studies with the qualitative research method, the questionnaire technique was used in the studies with the quantitative research method. It is understood that secondary resources were preferred in the studies because the researchers could use fewer references, do periodic studies and make compare and contrast. It was found out that the researchers who preferred the questionnaire technique had used it in order to collect data in a wider area.

Related to the magazine in which the studies were published, the magazine preferred the most by the authors is Management Decision (4) and International Journal of Operations & Production Management (3) follows this magazine. It is seen that there is an important relationship between the magazine preferred and the subject of the studies. It was found out that the researchers evaluated the subjects they had searched for according to the concept of the magazine which they published their papers in.

The common result of the findings obtained from the studies is that there is a relationship between the strategy and the performance of the organization in a great deal. The hypotheses suggested in the studies were either accepted or rejected according to the analyses. The interesting point is that the aims determined in the studies seem to support the results of the studies. Among the studies examined, the study prepared by Parnell and Dent (2009) differs from the others in that they explained the negative events the managers faced with the chance factor. The authors stated that there was a direct relationship between the performance of the organization and the chance factor and the chance had an important effect on the operational results of the organization. The other different study is the one carried out by Fantazy and et al. (2009). It mentions that information system and technology usage are important factors so as to improve the performance of the organization. The information and technology; in other words, core supplies the organizations have are important in that they show the competition power of the organizations. It is seen that the organizations today will improve their performances and achieve the success above the sector average by developing different strategies such as differentiation, focusing, cost based.....etc. The deficiencies in the studies result from the fact that it is not clear to what extent the relationship between the strategy and performance evaluation is effective on the other facilities that the organization provides.

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