

**THE EFFECT OF APPLYING STRATEGIC MANAGEMENT
PRACTICES ON SUSTAINABLE ORGANIZATIONAL
PERFORMANCE**

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**THE CASE STUDY FOR FAMILY-OWNED BUSINESS
ORGANIZATION IN TRADE SECTOR OF EGYPT**

Abstract

The research general purpose is to evaluate the effect of applying Strategic Management Practices (SMP) on Sustainable Organizational Performance (SOP). Specifically, the study investigates the effect of applying SMP on SOP for a Family-Owned Business Organization (FOBO) of Trade Sector in Egypt.

The study is an empirical case limited to a chosen FOBO “KANDEEL Industry and Trade” (KIT) as one of the leading companies operating in the trade sector of the Egyptian market. The article presents a conceptual framework which could be used to assist business, firms and corporates to evaluate sustainable performance through the Sustainability Balanced Scorecard (SBSC) as Strategic Management tool. The SBSC as a concept is used to assess the perceived importance of relationships between SMP and SOP additionally to support the goals of the selected organization. SBSC breaks the business down into six dimensions namely Financial Performance, Internal Processes, Customer Satisfaction, Learning & Growth and Corporate Social Responsibility & Environmental Sustainability.

Theoretical and empirical evidence supports the argument that adoption of Strategic Management Practices improves organization performance. A relevant literature review was performed to provide a clear understanding of the problem area's existing knowledge base. The review of literature is based on authoritative, recent, and different sources such as journals, books, thesis, and dissertations. The existing literature was used to develop two variables: Strategic Management Practices (Formulation, Implementation, Evaluation and Control) and Sustainable Organizational Performance, as well as Sustainability Balanced Scorecard as sustainable performance measurement tool.

A list of hypotheses is developed using the available literature on the mentioned conceptual model in order to find answers to research

questions. All hypotheses developed and incorporated into the conceptual model were derived from previous literature and established inferences for future research. The relevant data for this study was gathered using primary and secondary data sources. The primary data includes a questionnaire and interviews, while the secondary data are the company reports and information collected before and after the implementation.

The study adopted cross-sectional questionnaire designed and structured to match the study's objectives. It is divided to five sections: General Questions, Strategy Formulation, Strategy Implementation, Strategy Evaluation, Strategy Control and Sustainable Organization Performance Measurement, with total number of 55 question. General Questions as the first section of the questionnaire focused on the respondents' demographic information. Strategy Formulation section identifies the formal Strategy, and it is effect on firm performance. Strategy Implementation section determines whether the firm's strategy is fully planned, and it is effect on firm performance. Strategy Evaluation section sought to ascertain the importance of strategy evaluation and performance feedback. Strategy Control section determine the significance of strategy control and performance measurement. Finally, a set of questions were asked to measure to what extent Sustainable Strategy is affecting Sustainable Organization Performance.

The survey was conducted and delivered to all employees within KIT 27 branches. Interviews and meetings were conducted through direct meetings for branches in Cairo, and Online Meetings was for the rest of the branches in other governorates.

The analysis of this data and hypotheses test was done using the statistical package for social sciences (SPSS V26) for both descriptive and inferential statistics, and (SPSS AMOS V22) for confirmatory factor analysis (CFA).

According to the study findings, the independent predictor variable SMP were found significantly affecting the dependent variable SOP and as a result, all hypotheses proposed in this study were supported. Between the dimensions of SOP, SMP have greatest impact on Customer construct followed by Internal Process, Social, Environmental, Financial, and Learning and Growth. Between the dimensions of SMP, Strategy Implementation and Strategy Control were the most important constructs, while Strategy Formulation and Strategy Implementation performed the best.

Keywords: *Strategy, Strategic Management, Strategic Management Practices, Strategic Management Process, Strategy Formulation, Strategy Implementation, Strategy Evaluation, Strategy Control, Sustainable Organizational Performance, Sustainable Balanced Scorecard.*

الملخص

الغرض العام من البحث هو تقييم تأثير تطبيق ممارسات الإدارة الاستراتيجية على الأداء المؤسسي المستدام. على وجه التحديد، تبحث الدراسة في تأثير تطبيق ممارسات الإدارة الاستراتيجية على الأداء التنظيمي المستدام لمنظمة تجارية مملوكة لعائلة في قطاع التجارة في مصر.

الدراسة عبارة عن حالة تجريبية محددة على شركة "قنديل للصناعة والتجارة" مملوكة لعائلة كواحدة من الشركات الرائدة العاملة في قطاع التجارة في السوق المصري. تقدم المقالة إطارًا مفاهيميًا يمكن استخدامه لمساعدة الأعمال والشركات على تقييم الأداء المستدام من خلال بطاقة الأداء المتوازن المستدام كأداة إدارة استراتيجية. يتم استخدام بطاقة الأداء المتوازن المستدام كمفهوم لتقييم الأهمية المتصورة للعلاقات بين ممارسات الإدارة الاستراتيجية وأداء المنظمة المستدامة بالإضافة إلى دعم وتقييم الأهداف المحددة للمنظمة. تعمل بطاقة الأداء المتوازن المستدام على تقسيم الأعمال إلى ستة أبعاد هي الأداء المالي، والعمليات الداخلية، ورضا العملاء، والتعلم والنمو، والمسؤولية الاجتماعية للشركات والاستدامة البيئية.

تدعم الأدلة النظرية والتجريبية النظرية القائلة بأن تبني ممارسات الإدارة الاستراتيجية يحسن أداء المنظمة. تم مراجعة الأدبيات ذات الصلة لتوفير فهم واضح لقاعدة المعرفة الحالية لمنطقة المشكلة. تستند مراجعة الأدبيات إلى مصادر موثوقة وحديثة ومختلفة مثل المجالات، والكتب والأطروحات. تم استخدام الأدبيات الموجودة لتطوير متغيرين: ممارسات الإدارة الاستراتيجية (الصياغة والتنفيذ والتقييم والرقابة) والأداء التنظيمي المستدام، من خلال قياس الأداء المستدام باستخدام بطاقة الأداء المتوازن.

تم تطوير قائمة الفرضيات باستخدام الأدبيات المتاحة على النموذج المفاهيمي المذكور من أجل إيجاد إجابات لأسئلة البحث. جميع الفرضيات التي تم تطويرها ودمجها في النموذج المفاهيمي مستمدة من الأدبيات السابقة واستنتاجات راسخة للبحث في المستقبل. تم جمع البيانات ذات الصلة لهذه الدراسة باستخدام مصادر البيانات الأولية والثانوية. تتضمن البيانات الأولية استبيان من خلال مقابلات، بينما البيانات الثانوية هي تقارير الشركة والمعلومات التي تم جمعها قبل وبعد التنفيذ.

استخدمت الدراسة استبياناً مقطوعياً مصمماً ومنظماً ليتناسب مع أهداف الدراسة مقسم إلى خمسة أقسام: الأسئلة العامة، صياغة الاستراتيجية، تنفيذ الاستراتيجية، تقييم الاستراتيجية، مراقبة الاستراتيجية وقياس أداء المنظمة المستدام. العدد الإجمالي للأسئلة ٥٥. ركزت الأسئلة العامة باعتبارها القسم الأول من الاستبيان على المعلومات الديموغرافية للمشاركين. قسم صياغة الاستراتيجية يحدد الإستراتيجية الرسمية، وتأثيره على أداء الشركة. يحدد قسم تطبيق الاستراتيجية ما إذا كانت استراتيجية الشركة مخططة بالكامل، وأنها تؤثر على أداء الشركة. وسعى قسم تقييم الإستراتيجية إلى التأكد من أهمية تقييم الإستراتيجية وملاحظات الأداء. يحدد قسم التحكم في الاستراتيجية أهمية مراقبة الإستراتيجية وقياس الأداء. وأخيراً، طرحت مجموعة من الأسئلة لقياس مدى تأثير الإستراتيجية المستدامة على الأداء المؤسسي المستدام.

تم إجراء الاستبيان وتسليمه إلى جميع الموظفين داخل الفروع السبعة وعشرون لشركة قنديل. تم إجراء المقابلات والاجتماعات من خلال اجتماعات مباشرة للفروع في القاهرة، وعقدت اجتماعات عبر الإنترنت لبقية الفروع في المحافظات الأخرى.

تم تحليل البيانات واختبار الفرضيات باستخدام حزمة برامج (SPSS V26) لكل من الإحصاء الوصفي والاستنتاجي، و (SPSS AMOS V22) لتحليل عامل التأكيد (CFA).

وفقاً لنتائج الدراسة، تم تأكيد أن ممارسات الإدارة الإستراتيجية كمتغير مستقل تؤثر بشكل كبير على الأداء التنظيمي المستدام كمتغير تابع، ونتيجة لذلك، تم دعم جميع الفرضيات المقترحة في هذه الدراسة. ومن بين أبعاد الأداء التنظيمي المستدام، فإن ممارسات الإدارة الإستراتيجية لها تأثير أكبر على العملاء تليها العملية الداخلية، الاجتماعية، البيئية، المالية ثم التعلم والنمو. بين أبعاد ممارسات الإدارة الإستراتيجية، كان تنفيذ الإستراتيجية ومراقبة الإستراتيجية أهم العوامل، بينما كان أداء صياغة الإستراتيجية وتنفيذ الإستراتيجية هم أفضل أداءً.

الكلمات المفتاحية: الإستراتيجية، الإدارة الإستراتيجية، ممارسات الإدارة الإستراتيجية، عمليات الإدارة الإستراتيجية، صياغة الإستراتيجية، تنفيذ الإستراتيجية، تقييم الإستراتيجية، التحكم في الإستراتيجية، الأداء المؤسسي المستدام، بطاقة الأداء المتوازن المستدام.

Strategic Management:

Disagreements between academics on definitions of Strategy, Long-Range Planning (hereinafter LRP), Strategic Planning (hereinafter SP) and Strategic Management (hereinafter SM), still exist, and this is evident from the many accepted definitions in the literature (Cox, Daspit, McLaughlin, & Jones III, 2012).

Gluck and Ansoff provides accounts of the historical development of SM. Budgeting and Control, LRP, SP and SM are the four major stages commonly recorded as representing the development of SM to the current level of understanding. (Evangeline M. Gichunge, 2010)

SM is associated with the mid-1970s and later. Evangeline M. Gichunge stated that “Formal Strategic Management is that which is written or in official form”. It is based on the complexities of the overall business environment, just like SP. (Evangeline M. Gichunge, 2010)

Peter Drucker and later Porter observed that the key task of SM is thinking through the overall mission of the business. That is asking the questions “What is our business? Where are we? Where do we want to go? How do we get there?” This leads to objectives setting, the development of strategies, and the making of decisions for tomorrow's outcomes. (Kariuki, J. N., 2008).

The concept of SM did not appear overnight (Freeman et al., 2009), it evolved over time. Alfred Chandler and Charles Hofer are credited with this evolution, which concentrated on goal setting, Strategy Formulation, administration, and strategic control as key elements of the SM Process. Since then, SM has become an academic discipline in its own right, like marketing and finance. The field has really evolved since Sun Tzu's writing on the Art of War in the fourth century B.C. and many other authors. (Dennis, Ng'ong'a, & Faith, 2019).

1.1.1. Strategic Management Definition and Concept:

Throughout the literature review, it is concluded that various scholars and management practitioners defined SM differently due to their diverse backgrounds and study contexts. A brief cursory examination shows that there is great consensus on the main acts involved in “doing”. Here, we list a few definitions found in the recent literature that are relevant to the subject of current study to explore and well-understand SM. (Author).

Pillania, (2008) declared that SM is long-term oriented, directed toward future growth potentials, substantial, holistic, and primarily associated with the highest management level, which determines the enterprise's vision, mission, and culture. It is an approach of specifying organizational objectives, developing plans and policies to achieve those objectives, allocating resources, and evaluating the strategy. (Ali, M., & Qun, W., 2019).

SM is interesting and challenging. It determines organization's future orientation basic decisions, such as its mission, resources, and how it interacts with the surrounding environment in which it operates (Stonehouse et al., 2004; Chen, Hambrick, and Nag, 2007).

SM, according to Pearce and Robinson, is a participatory decision-making process. It is a decision-making hierarchy process involving an organization's corporate, business, and functional levels. Strategic decisions are made at each strategy level to aid in positioning and relating the firm to its environment to ensure its continued success. (Dennis, Ng'ong'a, & Faith, 2019).

1.1.2. Strategic Management Practices:

According to literature review and research, SM is concerned with deciding on a strategy and the planning how that strategy will be implemented. (Author)

SM is a set of managerial decisions and actions that determine the long run performance of a corporation. It includes environmental scanning, Strategy Formulation, strategy Implementation Evaluation and Control. Pearce and Robinson note that SM involves attention to planning, directing, organizing, evaluating and controlling of strategy related decisions and actions of the business. Also, Wheelen and Hunger (2008) stated that Strategic Management Practices (hereinafter SMP) consists of four basic elements, Strategy Formulation, Implementation, Evaluation and Control. Thompson and Strickland summarize the four types of strategic control which include: Premise Control, Implementation control, Strategic Surveillance and Special Alert Control (Kariuki, J. N., 2008).

SM can be divided into three stages: strategic choice, which deals with the formulation of possible courses of action, their evaluation, and the choice between them. Finally, there is a strategic implementation stage that involves planning how the chosen strategy will be implemented (Aluko et al, 2004; Oyedijo & Akinlabi, 2004 & 2008, Kazmi, 2008).

Moreover, Owich (2017) stated that “Formulation, Implementation and Evaluation of strategies are the components of Strategic Management that enhance sustainable competitiveness of the organizations”. Gomezelj Omerzel & Antoni, (2008) stated that Superior SMP can provide small businesses with the tools they need to survive, grow, and maintain a sustainable competitive advantage over their competitors. (Ali, M., & Qun, W., 2019).

SMP improve performance by providing relevant information, improving understanding of the environment, and reducing uncertainty. (Issack et al, 2017), and the impact of SM is determined by the effectiveness of strategy formulation, implementation, and evaluation (Wanjiku, 2009)

The SM Process is continuous and dynamic, and a change in one component may necessitate a change in the overall strategy (Fink & Ploder, 2009). SM Process is iterative, continuous one and involves important interactions and feedback among five key aspects: goal setting, analysis, strategy formation, strategy Implementation and strategy monitoring. (Adeyemi et al., 2017).

The SM Process consists of the following steps: (1) analysis of the external and internal environment; (2) Strategy Formulation; (3) strategy Implementation and (4) strategy Evaluation. (O. Bordean, 2010). Also, according to Pearce and Robinson (2011), the SM Process is divided into two stages: strategic formulation and strategy implementation.

Several studies such as David (2011), Huiru (2011), Chepkwony (2016) and David and David, (2016) asserted that SM process consists of three elements; Strategy Formulation, strategy Implementation and strategy Evaluation.

According to above different definitions of SMP, SM Process and the stated definitions in previous section, it is concluded that SM Process is combined of set of elements, while some researchers described as two others explained as three, four or five steps. (Author)

However, all agreed that the process includes monitoring and evaluating external opportunities and threats in light of organization's internal strengths and weaknesses to allow organizations to adapt effectively to change over time as the process is dynamic and continuous. (David, 2011; Huiru, 2011; Chepkwony, David and David, 2016)

In our empirical case study, SM Process description supported is from David and David (2016) who stated that SM Process has four elements: Formulation, Implementation, Evaluation and Control. These four elements are also referred to as Strategic Management Practices.

These elements are aiming at reaching specific strategic objectives. (Author).

- i. **First, Strategy Formulation phase:** includes deciding which business to pursue, how to allocate resources without hostile takeovers and whether to enter international markets. He also added that Strategy Formulation phase comprises development of a mission statement, identification of external opportunities and threats, determination of internal strengths and weaknesses, establishing long-term objectives, generating alternative strategies, and choosing the best strategy to be implemented. (Meresa, M., 2019)
- ii. **Second, Implementation phase:** initiates activities in accordance with strategic plans. This requires firms to establish objectives, devise policies, motivate employees, and allocate resources to execute formulated strategies. Without the effective strategy Implementation, organizations are unable to reap the benefits of performing an organizational analysis, establishing organizational direction, and formulating organizational strategy. (David, 2005)
- iii. **Third, Evaluation phase:** requires information to be obtained on strategic performance and comparing it with existing standards. Evaluation is also done by reviewing current strategies, measuring performance. Strategy Evaluation is needed because success today is no guarantee of success tomorrow. (Meresa, M., 2019). Success always creates new and different problems; complacent organizations experience demise. (Said Qarah Qarashay, D. M., & Ali Alzubi, F., 2018).
- iv. **Finally, Control phase** identifies flaws in previously implemented strategic plans and makes the entire process to begin all over. (David Adugh Kuhe, 2021).
Managers at all levels use the information gathered from their subordinates to take corrective action and solve problems. (Monday James Unam, 2015).
According to Muriuki et al. (2017), the implementation and control initiatives undertaken are essential components of effective strategic management practices for corporations. (Agwu ME, 2018)

1.2. Sustainability and Organizational Performance:

In the 1960s, people became more aware of the impact pollution can have on human health, and with the global energy crisis in 1973, there was a greater emphasis on energy conservation. This increased awareness occurred as energy costs rose and concerns about supply became more prevalent. In the 1980s, the United Nations introduced the concept of sustainable development, which led to discussions encouraging businesses to take environmental initiatives to reduce their impact, such as green buildings. Environmental concerns would be integrated even further over time, and accordingly the "Non-Market Perspective" raised. (Johansson, L., 2015)

Increasing global awareness of sustainability has prompted a discussion about how to achieve a sustainable world. (Zeynep Tuğçe Kalender, 2016). According to the published report of the "World Commission on Environment and Development" (WCED1987) called the Brundtland report, with the purpose of making the environment and development into a single-issue duo to increase political awareness of environmental issues, sustainable development came to be defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". On the other hand, there has always been attention directed to economic sustainability due to its importance to a company's survivability. Later, as a result of the Brundtland report, environmental issues received increased attention. However, the social aspect has so far been partly neglected (Johansson, L., 2015).

Sustainability "refers to firm engagement to social and environmental issues in addition to their economic activities". (Hristov, I., 2019). Also, E. G. Hansen, (2014) stated that concepts such as Corporate Social Responsibility, Corporate Social Performance, Stakeholder Theory, the Triple Bottom Line (hereinafter TBL) and

Corporate Sustainability have in common the goal of businesses explicitly considering environmental and social issues in addition to financial objectives.

Firms have set objectives for customer satisfaction, product defect rates, lead time to market, and environmental and social responsibility. As businesses will lose market share and will be forced out of business if they produce inferior goods, deliver late, abuse the environment or in general making customers dissatisfied. However, income does not directly measure these objectives. Accordingly, Non-financial performance measures can be developed to indicate progress (or lack thereof) toward achieving the critical long-run success factors of world-class companies. (Esther W. Kairu, 2013)

There is evidence that organizations are looking at sustainability as a way to not only start their business, but also to keep it going by appealing to consumers, investors, and resource suppliers. (Johansson, L., 2015). Moreover, Sustainable development has grown to be regarded by both governments and various industries as a result of the changes that have occurred in the last decade, from being primarily focused on conceptual issues and its framework to being a larger part of society. In this discussion, businesses and organizations are seen as key players in advancing the goals of global sustainability. They not only provide employment and contribute to wealth creation, which are essential components of modern society, but they are also responsible for a number of social and environmental issues. (Zeynep Tuğçe Kalender, 2016). Leading organizations are increasingly using sustainability as a strategic framework for managing their operations. (Jayawardena, Pollard, Chort, Choi & Kibicho 2013).

Sustainable Balanced Scorecard:

Referring to subject of the current research, we will go with the SBSC approach of adding additional sustainability perspective as the fifth BSC perspective. While we have chosen it to be the official strategic performance measurement tool for applying SMP on KANDEEL Industry and Trade in our current empirical study, as the

BSC is a SP and SM system widely used in business, government, and nonprofit organizations around the world, which its main benefit is to align business activities to the organization's vision and strategy, improve internal and external communications, and track OP against strategic goals. (Author)

Based on the traditional BSC, the Sustainable Balanced Scorecard (hereinafter SBSC) is a tool that has been developed to focus on environmental, social, and ethical aspects in a view of qualitative elements (Zeynep Tuğçe Kalender, 2016) combining the four perspectives of the BSC with the sustainability dimensions and including sustainability-related objectives and performance measures. (Mio, C., et al., 2021). The five perspectives used by the SBSC to measure organization's performance are: financial, customer, internal business process, learning and growth, and environmental. (Jassem et al, 2018)

The BSC is viewed by academics and practitioners as an appropriate tool for accounting for sustainability issues. (Epstein, M.J.; Wisner, P.S., 2001), while a company's long-term survival and growth, as well as performance, may be influenced by the use of sustainability indicators and qualitative analysis. (Ivo Hristov, 2019).

Because many environmental and social issues are non-financial and often have a long-term impact on an organization, both academics (e.g., Epstein and Wisner 2001) and practitioners (e.g., Rohm and Montgomery 2011) recognize the BSC as an appropriate tool for accounting for sustainability issues. (E. G. Hansen, 2014)

Johansson defined the SBSC as another internal management tool used to formulate and implement sustainability goals from a company's strategic plan. and According to Bieker and Waxenberger , it is a system that can be used to integrate stakeholder demands into companies' core management systems and manage those demands in an effective and efficient manner. (Johansson, L., 2015)

F. Figge illustrated that since the inception of the BSC it has been further modified - or rather fleshed out - to provide a dashboard or roadmap for strategic management and sustainability. Frank Figge presented a paper called "The Sustainability Balanced Scorecard - Linking Sustainability Management to Business Strategy" at the Greening of Industry Network Conference in 2002. The research proposed the inclusion of social and environmental in the BSC and suggest how the three aspects of sustainability (Social, Environmental, and Economic) can be used to modify the BSC. According to the paper, the BSC as written allows businesses to focus only on the financial aspect of the three perspectives while ignoring their social and environmental responsibilities. The author presented three approaches to formulating a SBSC as a new fifth leg, or "Non-Market Perspective", which is intended to incorporate social and environmental considerations not covered by the other four perspectives. The Social and Environmental Perspectives is discussed later in the next part of this section. (F. Figge et al., 2002)

Scholars developed SBSC possibly for two reasons: (1) integrating economic, environmental, and social aspects enables management to address goals in all three sustainability dimensions; and (2) the SBSC integrates these three dimensions in a single integrated management system rather than a parallel system. (Jassem et al, 2018).

Traditional BSC ignored social and environmental factors as crucial pillars of a sustainable business. Based on these considerations, researchers have developed extended scorecard designs under the names of sustainability balanced scorecard (e.g., F. Figge et al., 2002; Hansen and Schaltegger 2012), sustainability scorecard (SIGMA 2003) or responsive business scorecard (van den Brink and van der Woerd 2004; van der Woerd and van den Brink 2004; van Marrewijk 2004). Johansson, L., (2015) stated that when sustainability is incorporated into the overall business scorecard, the focus shifted to three major pillars of productivity - TBL: environmental, economic, and social benefits. When these factors

are included in the BSC, it has the potential to translate corporate sustainability strategies into action and integrate sustainability into the organization's core management systems.

The SBSC, as management system, should reflect sustainability aspects according to company's strategy. According to F. Figge et al. (2002), BSC can assist in taking into account all factors important for achieving sustainability at once and in a balanced way. Bennett and James defined sustainability performance measurement and management practices as the “measurement and management of the interaction between business, society and the environment.” (Schaltegger et al 2006). “The Sustainable BSC is a promising framework for measuring, managing, and reporting the results of corporate sustainable strategy” (Hsu and Liu 2010; Lansituoto and Jarvenpaa 2010; Schaltegger and Wagner 2006).

Today, SBSC is viewed as a tool that can be used to recruit and maintain top-notch employees, attract and interest investors and stakeholders, and engage with the local and global communities as a responsible corporate citizen (Willard, 2005) with introducing the Economic Valued Added (EVA) mechanism and benchmarking. (Shamsi Bawaneh, 2019)

The United States Environmental Protection Agency has now developed a guiding Sustainability Primer to assist companies in addressing the three pillars of sustainability (or TBL principles), while offering areas of interest for companies to consider, providing tools and policies to assist them in incorporating a Sustainability Index, and educating employees on the aspects of sustainability and what it means for their companies (United States Environmental Protection Agency 2014).

Social and Environmental Perspectives

As explained through the literature, the SBSC differs from the BSC in its architecture by explicitly recognizing sustainability-related objectives and performance measures including TBL as the fifth leg of the framework. The SBSC architecture consists of strategic objectives, performance perspectives, and a hierarchy represented by cause-and-effect chains between these elements (Figure 2.10 SBSC as a strategy map for a sample company explains SBSC architecture). (E. G. Hansen, 2014)

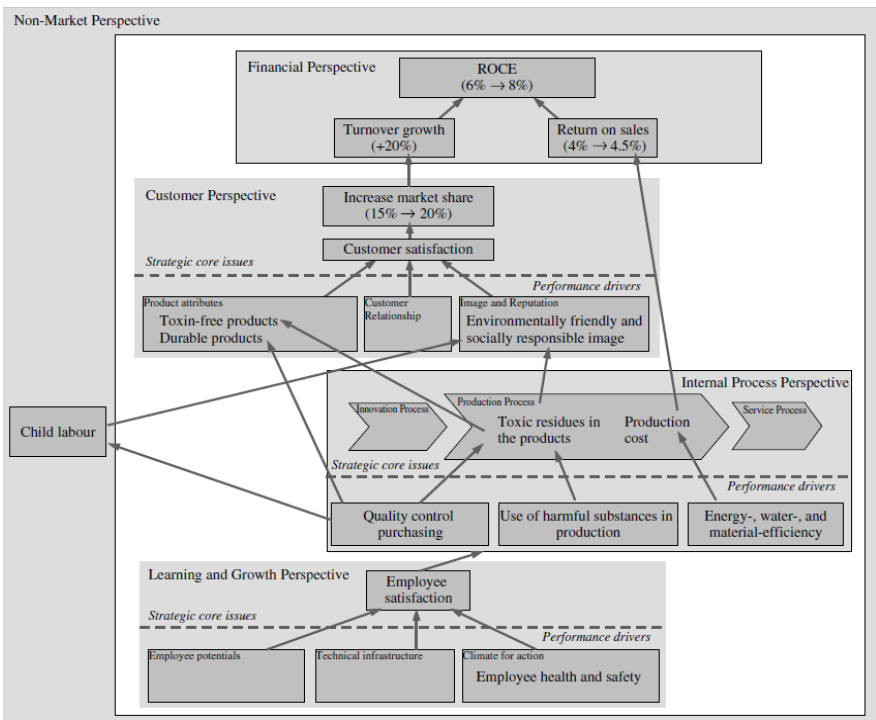


Figure 2.10: SBSC as a strategy map for a sample company. (Source: F. Figge et al., 2002)

Also, F. Figge et al. (2002); Butler, Henderson and Raiborn (2011) suggested that were three basic possible scenarios for incorporating sustainability in BSC model into the company's strategy:

- i. **First scenario.** Integrate identified Environmental and Social aspects measures of sustainability throughout the existing four dimensions of the BSC.
- ii. **Second scenario.** Introduction of an additional standalone environmental or social (non-market) perspective formulated into the BSC.
- iii. **Third scenario.** Add a sustainability perspective as a fifth perspective, to the BSC to take social and environmental aspect into account.

In the **first scenario**, environmental and social aspects are integrated into the BSC basic four dimensions, and automatically integrated into the organization's cause-and-effect links and are also oriented hierarchically toward the financial perspective. (Zeynep Tuğçe Kalender, 2016)

The four perspectives' arrangement is not modified, and the environmental and social aspects add to the other relevant strategic aspects through respective strategic core elements or performance drivers that require the setting of objectives, lagging and leading indicators and targets. In this way, cause-and-effect links include the environmental and social aspects. (Mio, C., et al., 2021)

Advantage: There can be several reasons for integrating environmental issues into existing system since the integration may allow the reduction of costs. **Disadvantage:** Although this model works well for companies that have a BSC and willing to extend it, companies should consider the level of integration in detail before adopting the new additional measures. (Zeynep Tuğçe Kalender, 2016).

Second scenario is believed to be a more frequently acceptable approach. This approach entails deriving an environmental and/or social scorecard. This scorecard should 'further differentiate the environmental and social aspects, once their strategic relevance and position in the

cause-and-effect chains have been identified by the two approaches presented above' (F. Figge et al., 2002). Thus, it must be built and used in conjunction with one of the other two alternatives. (Mio, C., et al., 2021)

Organizations which already have a working BSC and do not wish to revise or change the original balanced scorecard format, would establish a **standalone BSC** for their environmental and social responsibility strategies. Or a new sustainability BSC can be formulated by organizations those that have no existing balanced scorecard (organization might be using different PM tool) but want to measure or integrate sustainability without the disruption and cost involved in adopting a full-scale balanced scorecard, and this could be consider as an **Advantage** for using this scenario. Also, A standalone sustainability balanced scorecard that includes social and environmental responsibility may enable businesses to integrate positive measures in these areas more quickly, efficiently, and effectively. (Johansson, L., 2015). Dias-Sardinha et al. (2002) suggested that sustainable BSC can consist of four perspectives such as, sustainability, stakeholders, processes and learning. **Disadvantage:** there can be some problems to help company tie sustainability directly into corporate strategy using a separate sustainability BSC, as isolating sustainability measures in a separate perspective may undermine environmental initiatives by failing to provide clear links to other perspectives. (Butler, 2011). The first and second approaches are not mutually exclusive, as some environmental and social indicators can be grouped under one of the four conventional perspectives, while others can be grouped under another. (Mio, C., et al., 2021)

The third scenario involves the introduction of an additional non-market perspective into the BSC. While the conventional BSC perspectives reflect the market logic, environmental and social aspects often represent externalities that are not fully integrated into the market transactions through prices. However, they can influence the performance in all four BSC perspectives. Thus, strategic core aspects and leading indicators of the non-market perspective must be identified

and translated into respective measures and linked to the other perspectives. (ibid)

The new fifth perspective adds performance indicators of social and environmental aspects as sustainability measurement to emphasizes the significance of economic, social, and environmental responsibility as a corporate strategy goal. These indicators will differ from organization to another because each firm has its own sustainability definition and because these indicators are based related organization strategy and objectives. Weights of the BSC dimensions will also depend on the goals and culture of each company (Epstein and Wisner, 2001).

Butler et al. (2011) stated in their study that management goals should be quantifiable, controllable and include all components. Figure 2.21 shown below, presents general framework with new sustainability pillar of the BSC developed by Rabbani et al. (2014). As an **Advantage**, adding a new perspective can be considered as the simplest approach for organizations which want to make the sustainability as a key value of their strategy. (Zeynep Tuğçe Kalender, 2016).

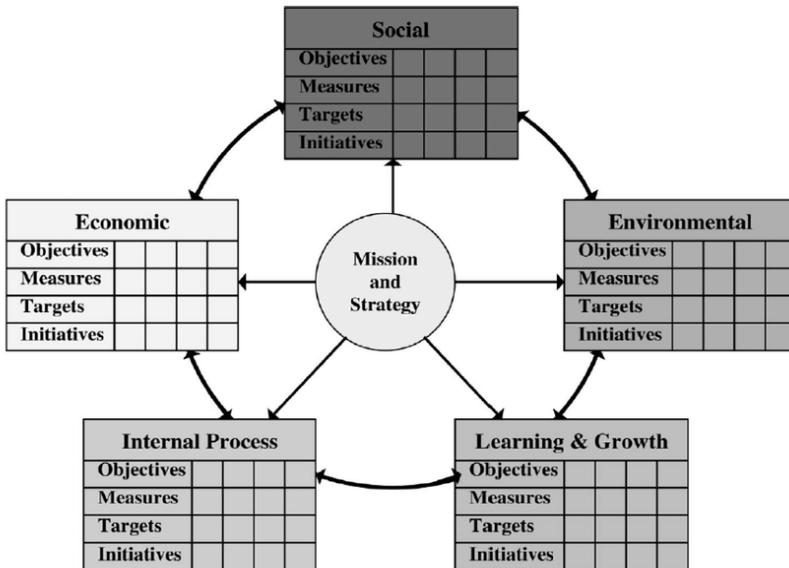


Figure 2.11: The general framework of SBSC. (Source: Zeynep Tuğçe Kalender, 2016)

Adding a new perspective can be considered as a simple way for organizations to explicitly incorporate environmental, social, and ethical concerns in strategy objectives. Proponents, on the other hand, stated that linking sustainability measures to an organization's economic well-being and strategies may be difficult, if not impossible. According to F. Figge et al. (2002), market-based prices for goods and services may not fully reflect environmental and social activities.

SBSC as Sustainable Organizational Performance Measurement Tool:

SBSC is used by companies that are using sustainability models to investigate how extent these models' effect are being measured and evaluated not only on the economic but also the social and environmental impacts on the company's business models. (Johansson, L., 2015). Current research shows that many companies still see the sustainability scorecard as a way to protect their client interests as well as ensuring continued stakeholder success (Bieker & Waxenberger 2002).

The SBSC is being used by companies to improve their bottom line, investor relations, and public perception. (Johansson, L., 2015). Some corporations have adopted it as a way of life rather than a business management trend (Esterhuyse 2000). Furthermore, to use the BSC as a tool to improve company performance and sustainability management, it is necessary to first understand the conditions under which it can be used, as well as how to achieve and manage sustainability issues. (Searcy, C, 2012)

Many businesses in the United States and around the world are now basing their sustainability measures on nine principles that align with Corporate Responsibility. The nine principles are as follows: ethics, governance, transparency, business relationships, financial return,

community involvement / economic development, value of products and services, employment practices, and environmental protection. (Johansson, L., 2015).

Given that the BSC is a tool for “translating strategies into action” (Kaplan and Norton 2000). SBSCs are generally designed on the basis of existing strategies (Epstein and Wisner 2001). It is thus the actual organization-specific strategies, and more specific sustainability strategies, which are the basis for developing SBSC architecture (F. Figge et al. 2002). Indeed, in many organizations, a sustainability strategy had already been formulated before considering an SBSC (Hansen et al. 2010).

However, this is not always the case. Sustainability strategies can also be derived as a first step in the SBSC development process. For example, Dias-Sardinha et al. (2007) describe a case study of a large multinational energy company where academics helped develop an SBSC in a process involving interviews and several workshops covering a timespan of roughly 1 year. They used strategy maps not only to explicate the sustainability strategy but also to prepare a pilot implementation of the SBSC.

A sustainability strategy must answer the question whether environmental and social aspects are assessed as compliance issues, cost drivers or opportunities for competitive advantage (Hubbard 2009).

Sustainability strategies provide a first approximation of the role of sustainability for an organization. Based on seminal publications, such strategies are usually conceptualized as stages on a continuum ranging from reaction, defense, accommodation, to pro-action (Arago'n-Correa et al. 2008; Arago'n-Correa and Rubio-Lo'pez 2007; Buysse and Verbeke 2003). Research on the SBSC links these different strategic positions to specific SBSC architectures (Bieker et al. 2001; Epstein and Wisner 2001; F. Figge et al. 2002; Hubbard 2009; van Marrewijk 2004). As stated in the sections on the modification of BSC performance

perspectives, the add-on, partly or broadly integrated and extended architectures represent defensive, accommodative and proactive sustainability strategies, respectively.

1.3. Previous Studies:

This section provides brief on empirical previous studies that empathizes linking Strategic Management Practices with Sustainable Organizational Performance, starting with latest:

- Mutemi et al. (2014) discovered that investment in personnel and skills was a key determinant in the influence of strategic management practice on the performance of SMEs in an attempt to establish the strategic management practices employed by small enterprises in Kitui town, Kenya.
- Vitkauskait (2017) discovered something similar, but on the process of strategic management of independent film companies and discovered that all separate stages in strategic management impacted the companies' competitive advantage.
- In Nigeria, Muogbo (2013), cited in Makanga and Paul (2017), confirmed that strategic management practices significantly increased the competitiveness, employee performance, and overall productivity of manufacturing firms in Anambra State, Nigeria.
- Adeyemi et al. (2017) claim that owners and managers of SMEs in Nigeria are unaware of the importance of strategic management practice to the success of their organization and how it can be implemented. The authors investigated the impact of strategic management on the performance of SMEs in four states: Lagos, Ogun, Osun, and Oyo State, and discovered that strategic management practices significantly assist SMEs in increasing sales and improving profits. They went on to say that, while most businesses still use short-term methods and outdated evaluation techniques, adopting strategic management practices allows for the mobilization of a company's assets toward a desired future market position.
- In a study on strategic management practices and corporate performance of selected small business enterprises in Lagos, Dauda, Akingbade, and Akinlabi (2010) discovered that strategic management practices improve both SMEs' profitability and market share. Despite the fact that studies

support the performance impact of strategic management, this practice is yet to be seen as a common practice among SMEs, and research on how it affects the business performance of SMEs in Nigeria is limited, highlighting the importance of this study.

- Muogbo (2013) investigated the impact of SM on organizational growth and development in a sample of Anambra State manufacturing firms. The analysis revealed that strategic management was not common among Anambra State's manufacturing firms, but its adoption had a significant effect on competitiveness and influences on manufacturing firms.
- Umar (2005) investigated the role of strategic management in the successful and efficient merger and acquisition at Nestle and Lever Brothers PLC. Based on the study's findings, it was established that strategic management had a critical role in the company's performance, growth, and survival, particularly when it came to mergers.
- Singh (2005) investigated the effect of strategic planning process variation on superior organizational performance in non-profit human service organizations that provide mental health services in his studies. The study's main finding was that strategic planning is strongly associated with improved organizational performance.
- Andrews et al. (2006) used a multivariate model that adjusts for external limitations to investigate the link between strategy and organisational performance. Their prospecting, defending, and reacting measures were based on Likert scale survey responses from 120 firms' senior and intermediate managers.
- Gichunge (2007) examined the effect of formal strategic management on the organizational performance of medium-sized manufacturing enterprises in Nairobi, Kenya. One of his important results is that competition influences formal strategic management adoption, despite the fact that businesses with formal strategic management performed better those without formal strategic management.
- Dauda, Akingbade, and Akinlabi (2010) investigated the impact of strategic management on corporate performance in a sample of small-scale firms in Lagos, Nigeria. Their findings demonstrated that strategic management approaches improve organizational profitability as well as firm market share, and it was concluded that strategic management methods improve both

organizational profitability and corporate market share, and so recommend that business organizations adopt strategic planning principles.

- Askarany and Yazdifar (2012) investigated the diffusion of six proposed strategic management tools over the last few decades through the lens of organizational change theory, examining the relationship between the adoption of these techniques and organizational performance in both manufacturing and non-manufacturing organizations in New Zealand. The findings and conclusions revealed a substantial relationship between the proliferation of these relatively new strategic management tools and organizational performance.
- Owolabi and Makinde (2012) used Babcock University in Nigeria as a case study to investigate the effects of strategic planning on business performance. The hypothesis' results demonstrated a considerable positive link between strategic planning and corporate performance.
- Muogbo (2013) studied the impact of strategic management on the organisational growth and development of selected manufacturing enterprises in Nigeria's Anambra State. According to the findings of the study, strategic management has a significant impact on competitiveness, a significant impact on employee performance, and a significant impact on organisational productivity.
- Fiberesima and Abdul Rani (2013) examined the effect of strategic management on Nigerian business success. According to the study's findings, strategic management is positively associated to corporate success, and strategic management methods promote business success.
- Mbwaya (2012) analyzed Barclays Bank of Kenya's Strategic Management Practices. According to the findings of the study, a continual scanning of the environment would not only help the organization identify changes in business needs, but also which methods to apply.
- Reneta (2012) determined practices and challenges of strategic management in the Nairobi City Council. This was a case study in which primary data was gathered through the use of an interview guide. Early employee involvement in the strategy process, according to the study, helped members comprehend superordinate aims, style, and cultural norms, and so became vital for the sustained success of a firm's strategy implementation. It also prevents them from being taken by surprise, puts all members at the same

platform, and helps the employees to own the process thus ensuring better results.

- Cakmaka and Tasb (2012) investigated the strategic management practises of Turkish contracting firms. According to the findings of the study, contractor firms are generally aware of the concepts of strategy and strategic management.

1.4. Conceptual Model and Hypothesis:

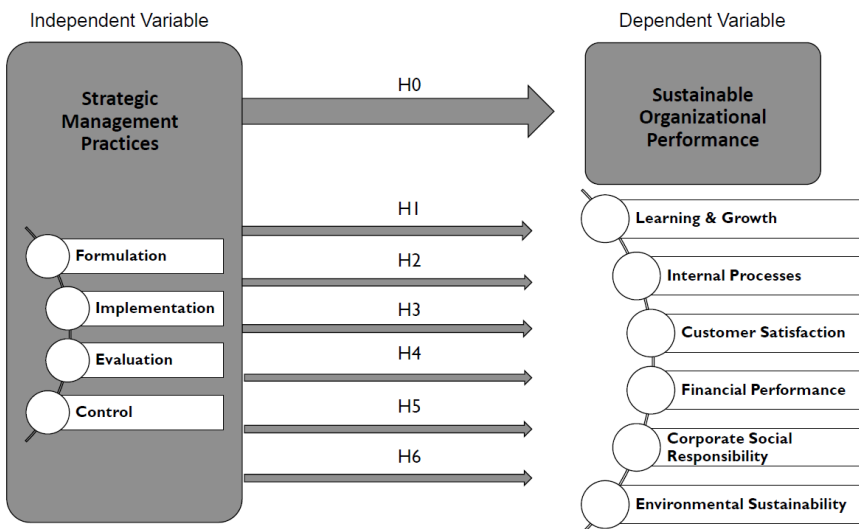


Figure 2.32: Conceptual Framework: The relation between Strategic Management Practices and Sustainable Organizational Performance. (Source: Author)

Based on the discussions and empirical evidence above, the following research hypothesis are proposed:

H0: There is an impact of SMP on SOP.

H1: There is an impact of SMP on Learning & Growth.

H2: There is an impact of SMP on Internal Processes.

H3: There is an impact of SMP on Customer Satisfaction.

H4: There is an impact of SMP on Financial Performance.

H5: There is an impact of SMP on Corporate Social Responsibility.

H6: There is an impact of SMP on Environmental Sustainability.**2. Methodology:**

Study methodology describes the procedures to conduct the research. It emphasized the data collection methods used to meet the study's goals and objectives. The chapter described the area of study, the target population, the size, data collection tools and producers and Questionnaire design.

This research conducts a case study to investigate the effect of applying Strategic Management Practices on Sustainable Organizational Performance, based on quantitative research, while the study is focusing on trade sector in Egypt and a Family-Owned Business Organization “KANDEEL INDUSTRY AND TRADE” as the role practice experiment model. Based on observation and direct experience, the current situation of the company will be studied, using particularly Sustainable Balance Scorecard for analysis and assessment the effect of Strategic Management Practices on Sustainable Organizational Performance.

2.1. Target Population:

The targeted population comprises Employees of KIT. The choice of contributors for the study was based on their contribution in basic function departments and daily operation activities. The targeted population are located in different branches, including head office in Great Cairo and other branches in other governorates such as Alexandria, Delta area, Upper Egypt, and Canal area. Total branches are 27, with total 1100 employees.

2.2. Sample Size:

The study will use Slovene's formula (judgmental sampling) to determine the sample size as nothing about the behavior (the distribution of the behavior) of the population is known:

$$n = N/(1+(N*e^2)),$$

Where n= sample size, N= population size, and e= margin of error of 5%.

Total sample size $n = 1100 / (1+(1100*0.0025)) = 293.333$ or approx. 294 employee.

3. Data Analysis:

This chapter presents the data analysis part of this thesis. The analysis of this thesis was done using the statistical package for social sciences (SPSS V26) for both descriptive and inferential statistics, and (SPSS AMOS V22) for confirmatory factor analysis (CFA). Section one provides a presentation of the respondents' demographics. A preliminary data analysis is given in section two; this includes screening for missing data, finding outliers, testing data normality, and investigating common method bias. Section three provides the measurement model assessment through reliability and validity analysis. The correlation and descriptive analysis were given in chapter four. Hypothesis testing underlying this research was given in chapter five.

3.1. Respondents' Demographics

The demographic characteristics of respondents are reported in Table 4.1 (Source Author). Between the respondents, about 15% were aged less than 30, about 48% aged between 30 and 40, 30% aged between 40 and 50, and 7% aged between 50 and 70. Regarding the education level, the majority of the respondents were graduates by 91.7%, the rest of the percentage were distributed between the other levels as 8.3% for Master/MBA/PHD/DBA. Moreover, the respondents' departments were as follows: 30% for finance, 28% for sales, 10% for HR, 6% for

customer service, 5.5% for administration, 5% for marketing, and less 5% for each of the other departments. For the years of experience, 23% works for less than 3years, 9% were between 3 and 5, 20% were between 5 and 10, 22% were between 10 and 15, and finally, 26% works for the organization more than 15 years. All Demographics are represented graphically in Appendix B.

Table 4.1: Demographic Characteristics

Variable	Category	Count	%	
What is your age?	Less Than 30	43	14.8%	
	Between 30-40	141	48.5%	
	Between 40 - 50	87	29.9%	
	Between 50-70	20	6.9%	
What is your education level?	Graduate	267	91.7%	
	Master/MBA/PHD/DBA	24	8.3%	
Your Department and section	Administration	16	5.5%	
	Customer Service	18	6.2%	
	E-Commerce	5	1.7%	
	Export	3	1.0%	
	Finance	88	30.2%	
	Foreign Trade	8	2.7%	
	HR	30	10.3%	
	IT	6	2.1%	
	Legal Dep.	5	1.7%	
	Logistics	3	1.0%	
	Marketing	15	5.2%	
	Sales	81	27.8%	
	Supply Chain	9	3.1%	
	Top Management	4	1.4%	
	For how many years worked for the organization?	0-3	68	23.4%
		3-5	25	8.6%
5-10		59	20.3%	

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	10-15	64	22.0%
	More than 15	75	25.8%

3.2. Data Preliminary Examination

This examination is essential in quantitative research (Hair, Hult, Ringle, & Sarstedt, 2017). Sue and Ritter (2012) stated that the collected data should be screened and cleaned from errors and incomplete answers. Even though the corrective actions are not always necessary, the examination is essential to ensure that the outputs of the statistical analysis are correct (Hair, Black, Babin, & Anderson, 2014). Hair et al. (2017) emphasizes that the issues of collected data, including missing data, outliers, data distribution, and common method bias should be inspected. Therefore, those primary data issues are examined in the subsequent steps using SPSS.

3.2.1. CFA for Strategic Management Practices

Strategic management practices scale consists of four dimensions with five different items for each. None of the items were removed as the standardized regression weight for all indicators is higher than 0.3 (Yusoff, et. al. 2011; Arifin, & Yusoff, 2016) and were statistically significant. The confirmatory factor analysis model proves to offer satisfactory results, as presented in Table 4.5 (Source: Author) and Figure (4.1). This provides clear evidence of validity.

Table 4.5: CFA Estimates for Strategic Management Practices

<i>Strategic Management Practices</i>		<i>Estimate</i>	<i>S.E.</i>	<i>C.R.</i>	<i>P- value</i>
V1	--->	0.804			
V2	--->	0.718	0.07	12.73	***
V3	--->	0.696	0.07	12.25	***
V4	--->	0.718	0.07	12.67	***

<i>Strategic Management Practices</i>		<i>Estimate</i>	<i>S.E.</i>	<i>C.R.</i>	<i>P- value</i>
V5	--->	0.693	0.07	12.12	***
V6	--->	0.786			
V7	--->	0.658	0.06	11.57	***
V8	--->	0.566	0.07	9.744	***
V9	--->	0.53	0.06	9.056	***
V10	--->	0.669	0.07	11.8	***
Strategy Implementation					
V11	--->	0.695	0.06	12.66	***
V12	--->	0.684	0.07	12.41	***
V13	--->	0.783	0.06	14.69	***
V14	--->	0.786			
V15	--->	0.776	0.04	20.30	***
Strategy Evaluation					
V16	--->	0.86			
V17	--->	0.843	0.05	18.26	***
V18	--->	0.644	0.06	12.19	***
V19	--->	0.67	0.05	12.86	***
V20	--->	0.756	0.05	15.34	***
Strategy Control					

*** P < 0.001; ** P < 0.001; CR=Critical ratios, SE=Standard Error.

The model fit indices are shown on the bottom left of Figure (4.1), where the Chi-square value divided by its degrees of freedom (df) is less than 5, RMR is less than 0.1, RMSEA is less than 0.08, and the other

indices are above 0.9. Therefore, the CFA for Strategic Management Practices scale in figure 11 has a higher level of fit.

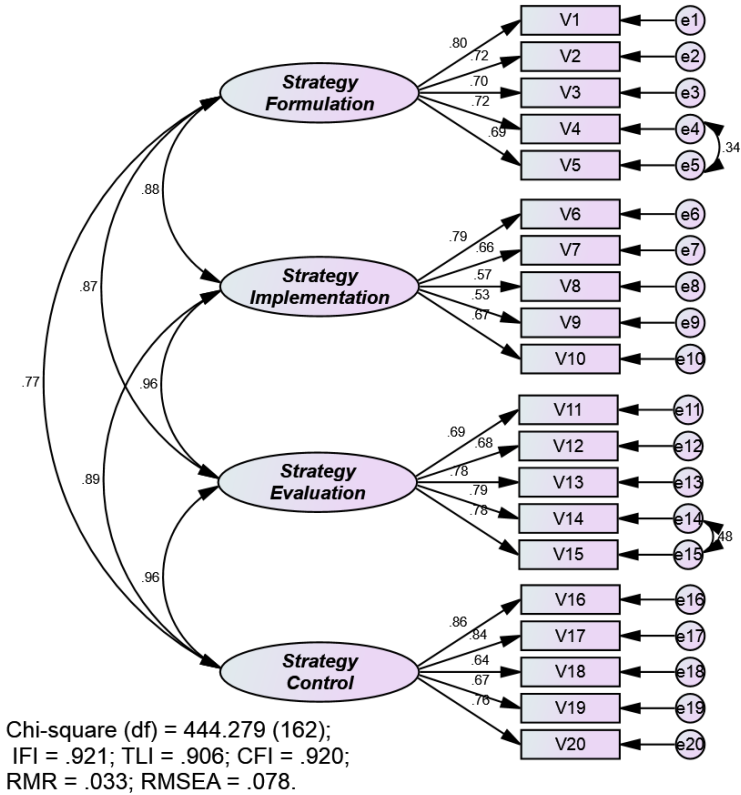


Figure 4.1: CFA for Strategic Management Practices

3.2.2. CFA for Sustainable Organizational performance

Sustainable Organizational performance scale consists of six dimensions with different items for each. None of the items were removed as the standardized regression weight for all indicators is higher than 0.3 and were statistically significant.

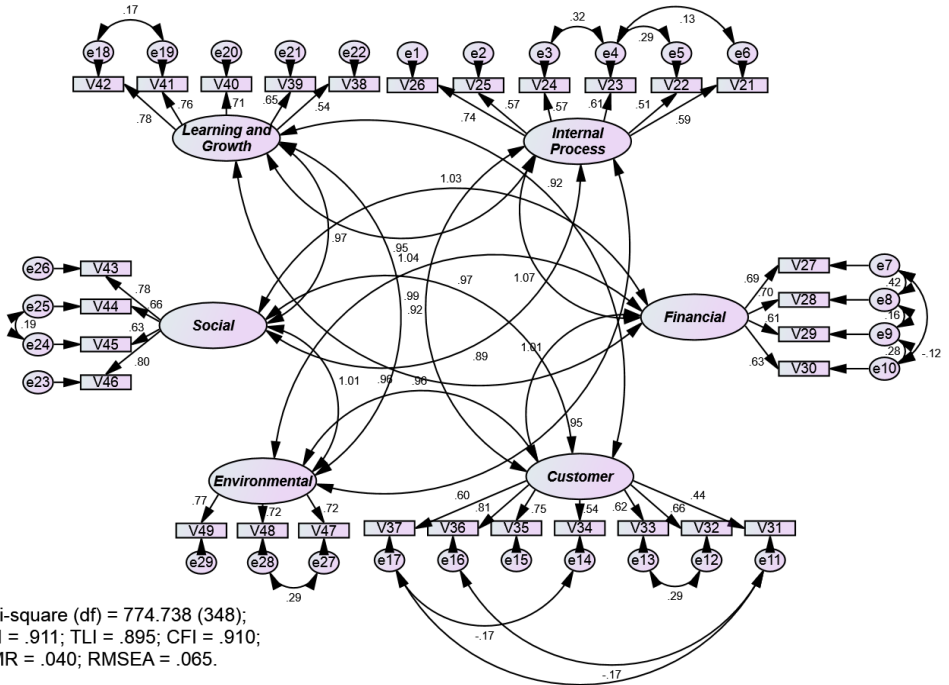


Figure 4.2: CFA for Sustainable Organizational performance

The CFA model proves to offer satisfactory results, as presented in Table 4.6 (Source: Author) and Figure (4.2). This provides a clear evidence of validity. The model fit indices are shown on the bottom left of figure 4.2, where the Chi-square value divided by its degrees of freedom (df) is less than 5, RMR is less than 0.1, RMSEA is less than 0.08, and the other indices are above 0.9. Therefore, the CFA for Sustainable Organizational performance scale in figure (4.2) has a higher level of fit.

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Table 4.6: CFA Estimates for Sustainable Organizational Performance

<i>Sustainable Organizational performance</i>		<i>Estimate</i>	<i>S.E.</i>	<i>C.R.</i>	<i>P- value</i>
V26	--->	0.736			
V25	--->	0.574	0.07	9.631	***
V24	--->	0.574	0.083	9.627	***
V23	--->	0.606	0.079	10.178	***
V22	--->	0.513	0.07	8.554	***
V21	--->	0.591	0.076	9.925	***
V27	--->	0.693	0.062	15.914	***
V28	--->	0.704			
V29	--->	0.609	0.066	11.529	***
V30	--->	0.626	0.108	10.904	***
V31	--->	0.442	0.075	7.159	***
V32	--->	0.657	0.063	12.006	***
V33	--->	0.621	0.074	11.209	***
V34	--->	0.539	0.064	9.475	***
V35	--->	0.752	0.079	14.303	***
V36	--->	0.812			
V37	--->	0.598	0.067	10.702	***
V42	--->	0.78			
V41	--->	0.762	0.065	15.267	***
V40	--->	0.706	0.069	12.635	***
V39	--->	0.651	0.066	11.474	***
V38	--->	0.54	0.07	9.301	***
V46	--->	0.797			
V45	--->	0.627	0.087	11.393	***
V44	--->	0.664	0.055	12.19	***
V43	--->	0.776	0.06	14.896	***
V47	--->	0.716	0.08	12.987	***
V48	--->	0.716	0.095	12.984	***
V49	--->	0.766			

*** P < 0.001; ** P < 0.01; * P < 0.05; CR=Critical ratios, SE=Standard Error.

Reliability and Validity Analysis

There are different ways to assess the reliability and validity were summarized as follows:

Internal Consistency Reliability: There are different ways to measure the internal consistency. Cronbach's alpha is a statistical measure that is the most commonly used for this purpose that provides the average correlation between all of the indicators that belong to one construct. Despite its popularity, Cronbach's alpha is criticized for assuming that all of the indicators have equal outer loadings (Hair et al., 2017), and that the number of indicators influences the calculation of Cronbach's alpha in that fewer items produces lower value, especially in scales with items fewer than 10 (Pallant, 2010, Hair et al., 2017).

Table 4.7: Reliability and Validity Analysis

<i>Construct</i>	<i>Cronbach's Alpha</i>	<i>CR</i>	<i>AVE</i>
<i>Strategy Formulation</i>	0.855	0.896	0.634
<i>Strategy Implementation</i>	0.785	0.853	0.538
<i>Strategy Evaluation</i>	0.87	0.906	0.659
<i>Strategy Control</i>	0.876	0.909	0.668
<i>Internal Process</i>	0.797	0.856	0.499
<i>Financial</i>	0.8	0.87	0.626
<i>Customer</i>	0.826	0.871	0.496
<i>Learning and Growth</i>	0.825	0.878	0.591
<i>Social</i>	0.817	0.879	0.645
<i>Environmental</i>	0.808	0.887	0.723
<i>Strategic Management Practices</i>	0.947	0.952	0.502
<i>Sustainable Organizational performance</i>	0.956	0.96	0.455
Remark: Internal Consistency Reliability and convergent validity attained			

Due to the limitations of Cronbach’s alpha, researchers are advised to use other measures of internal consistency such as composite reliability (CR). CR measures the internal consistency while considering that each indicator has a different outer loading. The results in Table 4.7 (Source: Author) show that all constructs had a reliability (Cronbach's Alpha & CR) score of more than 0.70. Figure (4.3) present the results of the internal consistency reliability. Those findings provide evidence of the high reliability and sufficient internal consistency of the constructs.

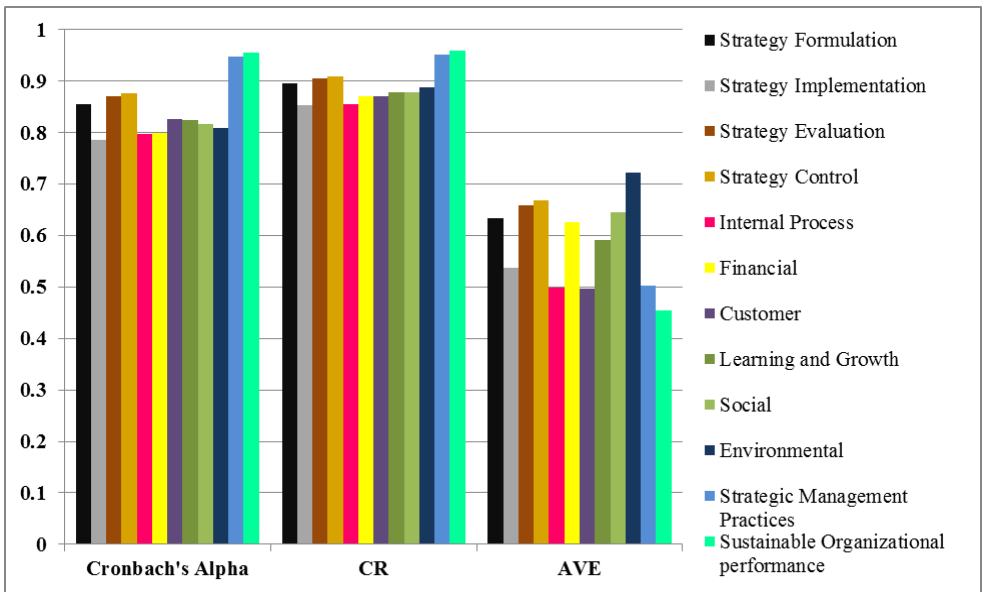


Figure 4.3: Summary of Reliability and Validity Indicators

Convergent validity: The convergent validity “indicates the degree to which two different indicators of a latent variable confirm one another” (Janssens, 2008, p. 306). This means that the variables within a single factor are highly correlated; this is evident by the factor loadings. There are different ways to measure convergent validity, which includes assessing each construct for significant critical ratios of 1.96 or more ($p < 0.05$) and ensuring that the standardized regression coefficient value is

greater than .30. Convergent validity can also be measured by calculating the average variance extracted (AVE), reflecting how much the overall variance the latent construct is responsible for within the measurement items; that AVE should be .50 or more, as the higher the variance extracted the more the item actually represents the latent construct. However, AVE values greater than 0.4 are also acceptable if composite reliability (CR) values are greater than 0.6 (Fornell and Larcker, 1981). Following the previous guidelines, the convergent validity through AVE in Table 4.7 (Source: Author) was established.

Discriminant validity: Discriminant validity refers to the extent in which factors are distinct and uncorrelated; variables should relate more to their own factor than to another factor (Hair et al., 2014). Discriminant validity is usually established by examining the Hetrotrait-Monotrait ratio (HTMT). HTMT is “the ratio of the between-trait correlations to the within-traits correlations” (Hair et al., 2017). The HTMT value should be lower than 1 (Gaskin et al., 2018). Following these guides, the discriminant validity was constructed since all of the constructs have HTMT values less than the defined threshold. Table 4.8 (Source: Author) presents the constructs’ HTMT values.

Table 4.8: HTMT Values

<i>Construct</i>	<i>SF</i>	<i>SI</i>	<i>SE</i>	<i>SC</i>	<i>IP</i>	<i>FIN</i>	<i>CUS</i>	<i>LG</i>	<i>SOC</i>
<i>Strategy Implementation (SI)</i>	0.845								
<i>Strategy Evaluation (SE)</i>	0.848	0.936							
<i>Strategy Control (SC)</i>	0.754	0.861	0.915						
<i>Internal Process (IP)</i>	0.691	0.811	0.774	0.84					
<i>Financial (FIN)</i>	0.672	0.805	0.746	0.808	0.962				
<i>Customer (CUS)</i>	0.718	0.856	0.793	0.797	0.894	0.942			
<i>Learning and Growth (LG)</i>	0.629	0.857	0.699	0.7	0.887	0.893	0.921		
<i>Social (SOC)</i>	0.677	0.832	0.757	0.784	0.845	0.932	0.938	0.94	
<i>Environmental (ENV)</i>	0.723	0.797	0.727	0.773	0.853	0.905	0.922	0.925	0.969
<i>Remark:</i> Discriminant validity attained									

3.3. Descriptive Statistics

After establishing the reliability and validity of the variables, it's time to provide some descriptive statistics for the selected constructs as shown in Table 4.9 (Source: Author). In addition to, some descriptive statistics for the items in the study were calculated and reported in table (A.1) in Appendix A.

Table 4.9: Descriptive Statistic for the Selected Variables

<i>Construct</i>	<i>N</i>	<i>Mean</i>	<i>SD</i>	<i>CV</i>
<i>Strategy Formulation</i>	291	3.941	0.690	17.52%
<i>Strategy Implementation</i>	291	3.907	0.651	16.67%
<i>Strategy Evaluation</i>	291	3.794	0.699	18.42%
<i>Strategy Control</i>	291	3.764	0.702	18.66%
<i>Internal Process</i>	291	3.901	0.605	15.51%
<i>Financial</i>	291	3.802	0.725	19.06%
<i>Customer</i>	291	3.720	0.658	17.67%
<i>Learning and Growth</i>	291	3.968	0.640	16.13%
<i>Social</i>	291	3.766	0.787	20.90%
<i>Environmental</i>	291	3.737	0.844	22.58%
<i>Strategic Management Practices</i>	291	3.851	0.612	15.89%
<i>Sustainable Organizational performance</i>	291	3.816	0.629	16.49%

These include mean (M), standard deviation (SD), and coefficient of variation (CV) were calculated and reported in Table 4.9 (Source: Author). The descriptive statistics for the independent variable “Strategic Management Practices” were ($M = 3.851, SD = 0.612, CV = 15.89\%$), and for the dependent variable “Sustainable Organizational performance” were ($M = 3.816, SD = 0.629, CV = 16.49\%$). Between the dimensions of Strategic Management Practices, it was found that Strategy Formulation has the highest average ($M = 3.941$), and Strategy Implementation has the minimal variability ($SD = 0.651, CV = 16.67\%$). Moreover, among

the dimensions of Sustainable Organizational performance, it was found that Learning and Growth has the highest average ($M = 3.968$), and Internal Process has the minimal variability ($SD = 0.605, CV = 15.51\%$).

3.4. Correlation Analysis

The Pearson product-moment correlation coefficient was calculated to determine the strength and the direction of the relationship between the dependent and independent variables. The correlation analysis suggests that all of the relationships were statistically significant. Correlation coefficients (***) were all significant at 0.001, i.e., 99.9% confidence level.

Table 4.10 (Source: Author) shows the matrix of Pearson correlation coefficients between the dimensions of Strategic Management Practices. The results show that all correlations coefficients were positive and ranged from moderate relationship (.654) to strong relationship (.800).

Table 4.10: Correlation between the Dimensions of Strategic Management Practices

<i>Pearson Correlation</i>		<i>Strategy Formulation</i>	<i>Strategy Implementation</i>	<i>Strategy Evaluation</i>	<i>Strategy Control</i>
<i>Strategy Formulation</i>	Pearson Correlation	1	.691***	.731***	.654***
	<i>P- value</i>		.000	.000	.000
	N		291	291	291
<i>Strategy Implementation</i>	Pearson Correlation		1	.774***	.718***
	<i>P- value</i>			.000	.000
	N			291	291

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<i>Pearson Correlation</i>		<i>Strategy Formulation</i>	<i>Strategy Implementation</i>	<i>Strategy Evaluation</i>	<i>Strategy Control</i>
<i>Strategy Evaluation</i>	Pearson Correlation			1	.800 ^{***}
	<i>P- value</i>				.000
	N				291
<i>Strategy Control</i>	Pearson Correlation				1
	<i>P- value</i>				
	N				

All coefficients were significant at (0.001) level of significance.

Table 4.11 (Source: Author) shows the matrix of Pearson correlation coefficients between the dimensions of Sustainable Organizational performance. The results show that all correlations coefficients were positive and ranged from moderate relationship (.673) to strong relationship (.789).

Table 4.11: Correlation between the Dimensions of Sustainable Organizational performance

<i>Pearson Correlation</i>		<i>Internal Process</i>	<i>Financial</i>	<i>Customer</i>	<i>Learning and Growth</i>	<i>Social</i>	<i>Environmental</i>
<i>Internal Process</i>	Pearson Correlation	1	.766 ^{***}	.725 ^{***}	.717 ^{***}	.673 ^{***}	.681 ^{***}
	<i>P- value</i>		.000	.000	.000	.000	.000
	N		291	291	291	291	291

<i>Pearson Correlation</i>		Internal Process	Financial	Customer	Learning and Growth	Social	Environmental
<i>Financial</i>	Pearson Correlation		1	.766***	.722***	.752***	.724***
	<i>P- value</i>			.000	.000	.000	.000
	N			291	291	291	291
<i>Customer</i>	Pearson Correlation			1	.761***	.769***	.756***
	<i>P- value</i>				.000	.000	.000
	N				291	291	291
<i>Learning and Growth</i>	Pearson Correlation				1	.760***	.752***
	<i>P- value</i>					.000	.000
	N					291	291
<i>Social</i>	Pearson Correlation					1	.789***
	<i>P- value</i>						.000
	N						291
<i>Environmental</i>	Pearson Correlation						1
	<i>P- value</i>						
	N						

All coefficients were significant at (0.001) level of significance.

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Table 4.12 (Source: Author) shows the matrix of Pearson correlation coefficient between Strategic Management Practices and Sustainable Organizational performance. The correlation coefficients suggest that there is a significant positive strong relationship between Strategic Management Practices and Sustainable Organizational performance, as ($r(291) = .798, P < 0.001$). Figure (4.4) shows the matrix of Pearson correlation coefficients between all variables and dimensions in the study. The results show that all correlations coefficients were positive (blue circles) and ranged from moderate relationship (.53) to strong relationship (.93).

Table 4.12: Correlation between Strategic Management Practices and Sustainable Organizational performance

<i>Pearson Correlation</i>		<i>Strategic Management Practices</i>	<i>Sustainable Organizational performance</i>
<i>Strategic Management Practices</i>	<i>Pearson Correlation</i>	1	.798***
	<i>P- value</i>		.000
	<i>N</i>		291
<i>Sustainable Organizational performance</i>	<i>Pearson Correlation</i>		1
	<i>P- value</i>		
	<i>N</i>		

All coefficients were significant at (0.001) level of significance.

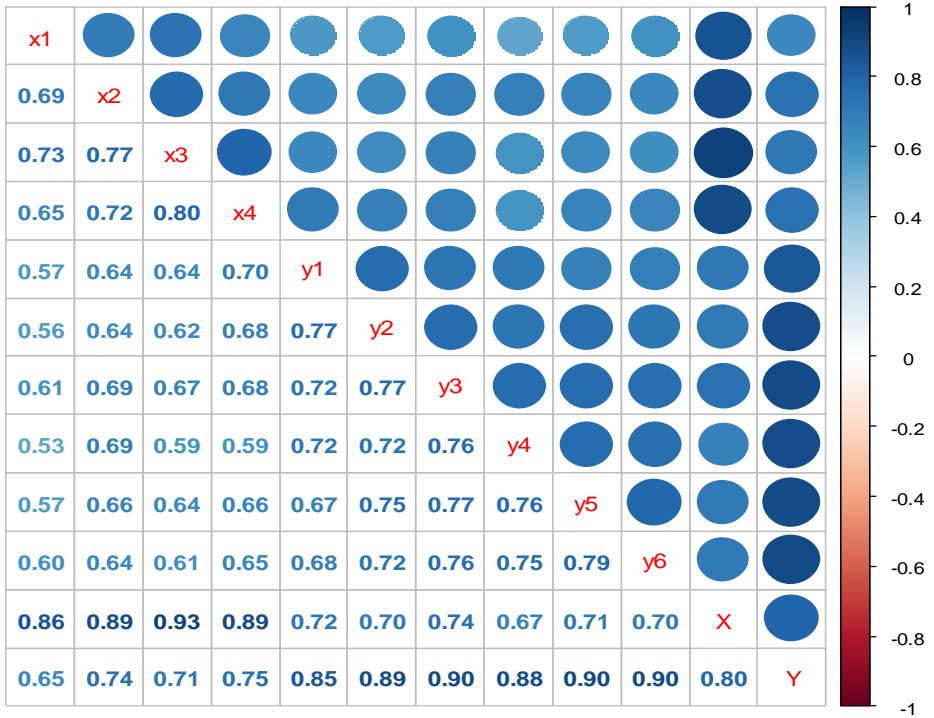


Figure 4.4: Visualization of Correlation Matrix between all Variables

Path Analysis

In this section, path analysis was performed by utilizing the path coefficients produced by AMOS and examining the statistical significance at a p-value equal or less than 0.05. According to Hair et al. (2010), using the standardized regression weights produced by AMOS is possible to examine the comparative impact of each independent construct on the dependent variable. By the use of the regression weights, it can be concluded whether the research hypotheses could be rejected or accepted. The regression weights reference values that were used in this research are in accordance with the suggestions of Kline (2005). Kline (2005) categorizes the regression beta weights in the

standardized output with total value of 0.1 as having small effects, 0.3 as having moderate effects, and 0.5 as having large effects of the independent construct on the dependent variable. In path analysis, the measurement of the significance of the path is assessed by the p-value. If the p-value is equal or less than the 0.05, the path is considered to be statistically significant. In the following subsections, the estimates of path coefficients (regression weights) of the various paths in model are presented.

3.4.1. Hypothesis Testing

The results of hypothesis testing in Table 4.13 (Source: Author) and Figure (4.5) and 4.6 showed that Strategic Management Practices yielded a significant positive effect on Sustainable Organizational performance since $(\beta = 0.855, CR = 14.68, P < 0.001)$, consequently, the main hypothesis is confirmed. Moreover, Strategic Management Practices yielded a significant positive effect on Internal Process since $(\beta = 0.717, CR = 17.53, P < 0.001)$, consequently, the first hypothesis is confirmed. Also, Strategic Management Practices yielded a significant positive effect on Financial construct since $(\beta = 0.7, CR = 16.7, P < 0.001)$, consequently, the second hypothesis is supported. Furthermore, Strategic Management Practices yielded a significant positive effect on Customer construct since $(\beta = 0.741, CR = 18.80, P < 0.001)$, consequently, the third hypothesis is accepted. Additionally, Strategic Management Practices yielded a significant positive effect on Learning and Growth construct since $(\beta = 0.671, CR = 15.41, P < 0.001)$, consequently, the fourth hypothesis is confirmed. Moreover, Strategic Management Practices yielded a significant positive effect on Social construct since $(\beta = 0.71, CR = 17.15, P < 0.001)$, consequently, the fifth hypothesis is supported. Finally, Strategic Management Practices yielded a significant positive effect on Environmental construct since $(\beta = 0.704, CR = 16.87, P < 0.001)$, consequently, the sixth hypothesis is accepted.

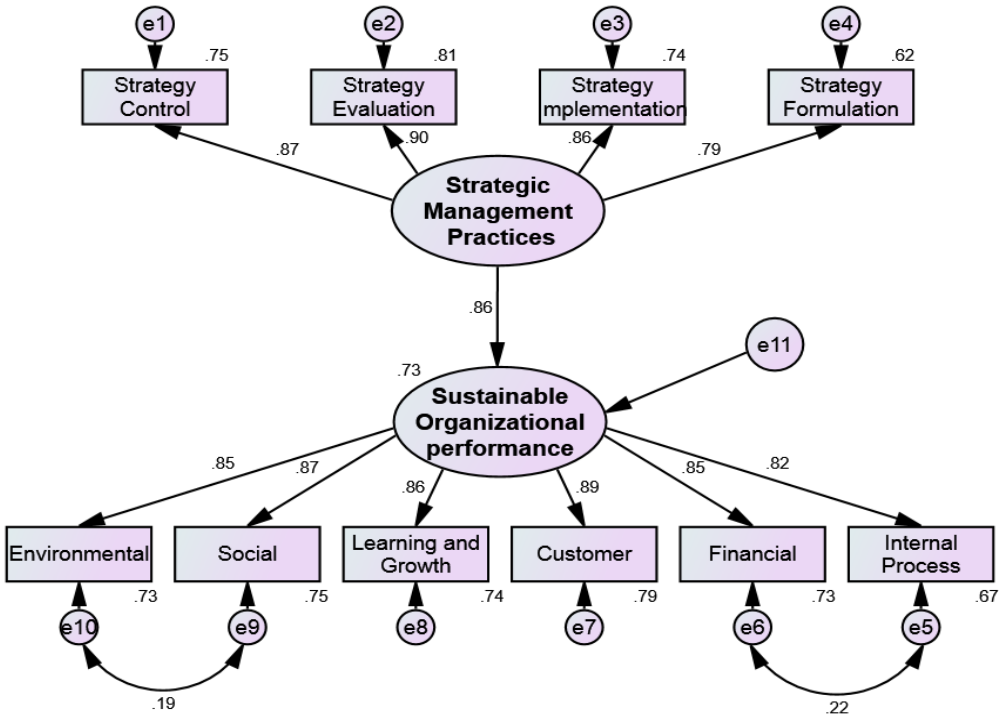


Figure 4.5: Path Analysis for Main Hypothesis

Table 4.13: Hypothesis Testing

Path	β	S.E.	C.R.	P	Remark
H0: Strategic Management Practices ---> Sustainable Organizational performance	0.855	0.05	14.68	***	Accepted
H1: Strategic Management Practices ---> Internal Process	0.717	0.04	17.53	***	Accepted
H2: Strategic Management Practices ---> Financial	0.7	0.05	16.7	***	Accepted
H3: Strategic Management Practices ---> Customer	0.741	0.04	18.80	***	Accepted
H4: Strategic Management Practices ---> Learning and Growth	0.671	0.05	15.41	***	Accepted
H5: Strategic Management Practices ---> Social	0.71	0.05	17.15	***	Accepted
H6: Strategic Management Practices ---> Environmental	0.704	0.06	16.87	***	Accepted

*** P < 0.001; ***P < 0.001; CR=Critical ratios, SE=Standard Error; P=P-value

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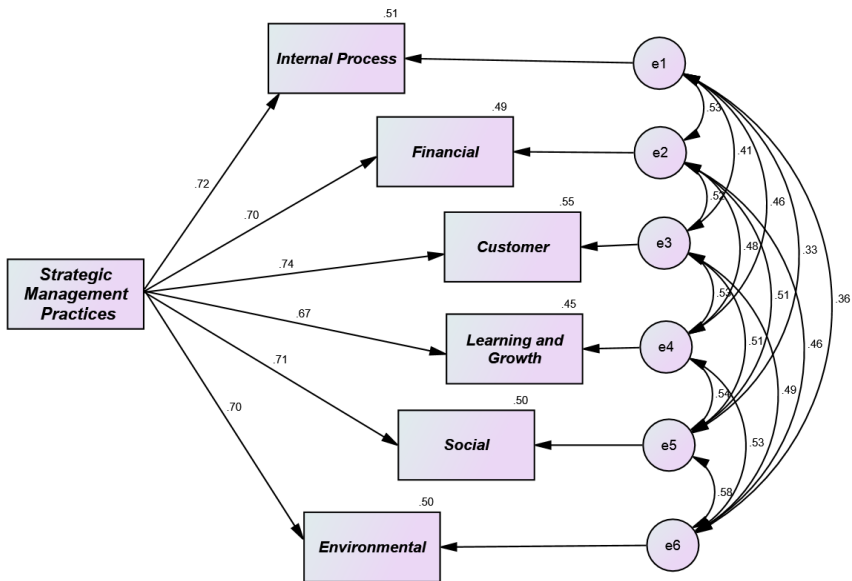


Figure 4.6: Path Analysis for Sub-Hypothesis

3.4.2. Coefficient of Determination

Coefficient of determination (R^2) refers to the effect of independent variables on the dependent latent variables (Hair et al., 2012), which is one of the quality measures of the structural model (Hair et al., 2014). R^2 estimates vary from 0 to 1, in which 0 means low explained variance and 1 means high explained variance.

Table 4.14: R Square

<i>Construct</i>	<i>R Square</i>	<i>Remark</i>
<i>Sustainable Organizational performance</i>	0.732	High
<i>Internal Process</i>	0.515	Moderate
<i>Financial</i>	0.49	Moderate
<i>Customer</i>	0.549	Moderate
<i>Learning and Growth</i>	0.45	Moderate
<i>Social</i>	0.504	Moderate
<i>Environmental</i>	0.495	Moderate

Researchers have used a different cut-off of R^2 value. For example, in business research, Chin (1998) suggested that R^2 with 0.19, 0.33, or 0.67 are low, moderate, or high, respectively. The results of R Square are reported in Table 4.14 (Source: Author) and Figure (4.7). The R-Square value of Sustainable Organizational performance equals $R^2 = 0.732$ meaning that about 73% of the variations in Sustainable Organizational performance were explained by the variation in Strategic Management Practices. The remaining values of R-Square concerning the dimensions of Sustainable Organizational performance have moderate explained variance and were ranged from 0.45 (Learning and Growth) to 0.549 (Customer).

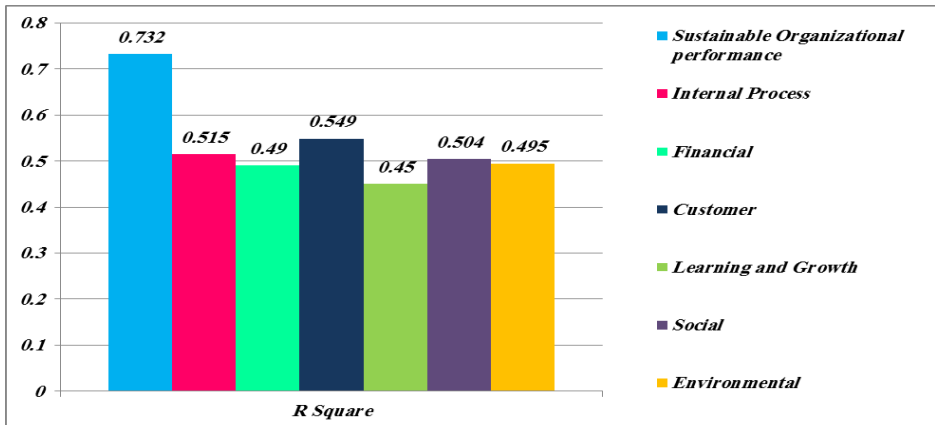


Figure 4.7: R Square Values

3.5. Variable Selection

Variable selection refers to the process of selecting which variables to include in a certain model from a large list of variables, deleting those that are unnecessary or redundant. The goal of such selection is to choose a group of variables that will offer the greatest fit for the model, allowing for accurate predictions.

3.5.1. Stepwise Regression

Stepwise regression is a regression approach that employs an algorithm to find the optimum grouping of predictor variables that account for the most variance in the result (R-squared). Stepwise regression is useful in an exploratory approach or when testing for relationships. The basic purpose of stepwise regression is to construct the optimal model that accounts for the most variance in the result variable given the predictor variables you wish to evaluate (R-squared).

Table 4.15 (Source: Author) shows that strategy control was the first selected variable to enter the model, followed by strategy implementation, and strategy formulation. Strategy evaluation was then removed from the model, which means hasn't statistical significant impact on sustainable organizational performance.

Table 4.15: Variables Entered/Removed

<i>Model</i>	<i>Variables Entered</i>	<i>Variables Removed</i>	<i>Method</i>
1	<i>Strategy Control</i>	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	<i>Strategy Implementation</i>	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	<i>Strategy Formulation</i>	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

The model summary results in Table 4.16 (Source: Author) showed that, the multiple correlation coefficients between sustainable organizational performance and the independent variable in each selected model were found to be positive strong. Moreover, the R-Squared values raises from .558 to .655 with a statistical significant change confirming the importance of adding the selected variables to the chosen model underlying this study.

Table 4.16: Model Summary

Model	R	R Square	Adjusted R Square	SE of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	P-value F Change
1	.747 ^a	.558	.556	.41902	.558	364.805	1	289	.000
2	.804 ^b	.647	.644	.37528	.089	72.290	1	288	.000
3	.810 ^c	.655	.652	.37128	.009	7.230	1	287	.008

- a. Predictors: (Constant), Strategy Control
- b. Predictors: (Constant), Strategy Control, Strategy Implementation
- c. Predictors: (Constant), Strategy Control, Strategy Implementation, Strategy Formulation

The ANOVA test in Table 4.17 (Source: Author) confirms the significance of the model under the different stages; as for the first model ($F = 364.805, P < 0.001$), second ($F = 263.542, P < 0.001$), and the third ($F = 181.905, P < 0.001$). Table 4.18 (Source: Author) shows the stepwise regression coefficients, where all the independent variables entered to the model found to have a statistical significant positive effect on sustainable organizational performance since the associated P-value were less than the cut-off point of 0.05. On the other hand, strategy evaluation was removed from the model since the associated P-value was greater than the threshold of 0.05.

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Table 4.17: ANOVA

<i>Model</i>		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>P- value</i>
1	<i>Regression</i>	64.050	1	64.050	364.805	.000 ^a
	<i>Residual</i>	50.741	289	.176		
	<i>Total</i>	114.791	290			
2	<i>Regression</i>	74.231	2	37.115	263.542	.000 ^b
	<i>Residual</i>	40.560	288	.141		
	<i>Total</i>	114.791	290			
3	<i>Regression</i>	75.228	3	25.076	181.905	.000 ^c
	<i>Residual</i>	39.563	287	.138		
	<i>Total</i>	114.791	290			

Table 4.18: Stepwise Regression Coefficients

<i>Model</i>		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>P- value</i>	<i>Collinearity</i>	
		<i>B</i>	<i>SE</i>	<i>Beta</i>			<i>Tolerance</i>	<i>VIF</i>
1	<i>(Constant)</i>	1.298	.134		9.678	.000		
	<i>Strategy Control</i>	.669	.035	.747	19.100	.000	1.000	1.000
2	<i>(Constant)</i>	.719	.138		5.205	.000		
	<i>Strategy Control</i>	.394	.045	.440	8.744	.000	.485	2.063
	<i>Strategy Implementation</i>	.413	.049	.428	8.502	.000	.485	2.063
3	<i>(Constant)</i>	.614	.142		4.328	.000		
	<i>Strategy Control</i>	.355	.047	.396	7.553	.000	.437	2.287
	<i>Strategy Implementation</i>	.353	.053	.366	6.660	.000	.399	2.509
	<i>Strategy Formulation</i>	.124	.046	.136	2.689	.008	.471	2.123

3.5.2. Multicollinearity

Multicollinearity occurs when there is a high correlation between two constructs, which produces interpretation issues (Hair et al., 2017). If more than two constructs are involved, it refers to collinearity or multicollinearity. Collinearity can be assessed using the variance inflation factor (VIF), which is obtained by dividing one by tolerance referring to the variance explained by one independent construct not explained by the other independent constructs (Hair, Hult, Ringle, & Sarstedt, 2017; Benitez-Amado, Henseler, & Castillo, 2017). A VIF value of 5 or higher indicates a high collinearity (Hair, Ringle, & Sarstedt, 2011; Hair, Hult, Ringle, & Sarstedt, 2017). Table 4.17 (Source: Author) shows that; all VIF values were below the cut-off point providing evidence that the collinearity between independent constructs does not exist.

3.5.3. Importance Performance Map Analysis

Importance performance map analysis (IPMA) was utilized to provide additional insights by combining the importance (I) and performance (P) dimensions analysis (Ringle & Sarstedt, 2016). IPMA enables the identification of places where action is necessary. Table 4.19 (Source: Author) shows Importance Performance MAP Analysis.

Table 4.19: Importance Performance Analysis

<i>Construct</i>	<i>Importance</i>		<i>Performances</i>	
	<i>Value</i>	<i>Rank</i>	<i>Value</i>	<i>Rank</i>
<i>Strategy Control</i>	0.318	2	69.167	4
<i>Strategy Evaluation</i>	0.035	4	69.882	3
<i>Strategy Formulation</i>	0.102	3	73.992	1
<i>Strategy Implementation</i>	0.353	1	72.565	2

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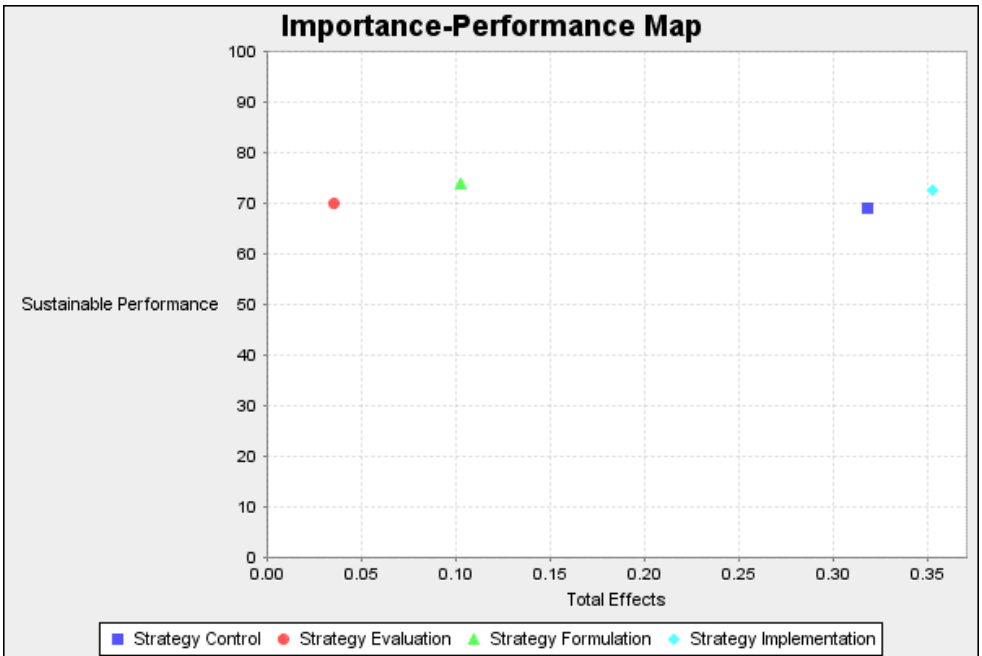


Figure 4.8: Importance Performance Map

Specifically, one may identify elements of the process that are relatively important yet perform poorly in order to deploy management methods that lead to changes. Figure (4.8) depict the dimensions of strategic management practices that influence the dependent variable Sustainable Organizational performance. The IPMA findings are displayed as a two-dimensional graph, with the horizontal axis describing the "importance" (total effect) of influential factors on a scale of 0 to 1, and the vertical axis describing their performance on a range of 0 to 100. Figure 4.8 show that Strategy Implementation and Strategy Control were the most important constructs, while Strategy Formulation and Strategy Implementation performed the best.

Conclusion and Limitations of the study:

The purpose of this section was to discuss the findings within the context of the present research. The study empirically aims to find out the impact of Strategic Management Practices on Sustainable Organizational performance. A list of hypotheses is developed using the available literature on the mentioned conceptual model in order to find answers to research questions. All the hypotheses developed and incorporated in the framework were derived from the preceding literature and established inferences for the potential research. The SPSS and AMOS were used to analyze the data and to test the hypotheses. The independent predictor variables were found significantly affecting the dependent variable and as a result, all hypotheses proposed in this study were supported. The independent variable “Strategic Management Practices” has greater impact on “Sustainable Organizational Performance”. Between the dimensions of Sustainable Organizational Performance, Strategic Management Practices have greatest impact on Customer construct followed by Internal Process, Social, Environmental, Financial, and Learning and Growth. Between the dimensions of Strategic Management Practices, Strategy Implementation and Strategy Control were the most important constructs, while Strategy Formulation and Strategy Implementation performed the best.

The study's main limitation was that it focused on a single organization. The research context, however, can be extended to other businesses. Also, the study concentrated on four strategic management practices: strategy formulation, implementation, evaluation and control, whereas other internal (employee capabilities) and external (communication with customers) intervening factors were not covered because they were not within the researcher's scope of study.

Also, it was planned to perform longitudinal questionnaire, as to send it every quarter among the fiscal year, and before and after applying the SMP, but the project started internally before the

questionnaire was ready. Moreover, it is recommended to conduct a direct customer satisfaction survey with the company customers instead of relying on feedback from sales team.

On the other hand, the main struggle of the study was that the KIT is already established and operating, as it was not easy to redesign and implement a new strategy, as well as and changing Performance Measurement tool used. Also, we faced resistance from part of employees, because of the change averse, as well as cooperation refusal. This was due to lack of understanding the importance and benefits of SMP and SBSC.

Finally, this study contributes significantly to knowledge and literature by providing solid empirical evidence about the relationship between Strategic Management Practices on Sustainable Organizational Performance - the case study for Family-Owned Business Organization in Trade Sector of Egypt where the theoretical gap has been identified.

Future Research Recommendations:

This study is being conducted to the effect of applying strategic management practices on sustainable organizational performance. Thus, future research should take into account the limitations discussed in previous section above, and the findings of this study should be used as follows:

First of all, as was already mentioned, this study is focused on a single organization in order to investigate the impact of Strategic Management Practices on Sustainable Organizational Performance. Therefore, future studies should aim to investigate this relationship in the context of more Family- Owned Businesses Organizations in order to provide the ability to generalize the findings.

Second, and based on the finding explained in previous section, it is proofed that Strategic Management Practices have greatest impact on Customer construct followed by Internal Process, Social,

Environmental, Financial, and Learning and Growth. And, Strategy Implementation and Strategy Control were the most important constructs, while Strategy Formulation and Strategy Implementation performed the best. Also, this thesis has neglected other internal (employee capabilities) and external (communication with customers) intervening factors. Thus, future research is recommended to seek and identify further aspect based on business nature and internal and external factors position, according to the SWOT analysis for the chosen organization, plus, we recommend conducting more quantitative evaluations of performance indicators for SBSC perspectives according stakeholders' directions.

On the other hand, Al-Sarraf, (2019), stated that policies must be established to govern relationships between family members and between the family and the business. This can benefit both the family and the business by resolving current and future problems, avoiding problems and conflict before they occur, strengthening and uniting the family, making decision processes explicit, providing training for family members, and improving the continuity of the planning process. Also, Al-Sarraf recognized that successful business families should focus on two main issues: the first is the strengthening of the business through an independent business board, and the second is the strengthening of the family itself through a written agreement.

Hence, third future recommendation for Family-Owned Business Organizations, after applying Strategic Management Practices, is to focus on setting polices and Family Governance and Constitution.

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