



Enhancing Organizational Performance through Strategic Management Practices: A Study of Bread Baking Firms

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Article Info

ISSN (online): 2583-6641

Volume: 04

Issue: 05

September – October 2025

Received: 14-07-2025

Accepted: 16-08-2025

Published: 08-09-2025

Page No: 17-20

Abstract

The competitive nature of the bakery industry requires firms to adopt structured strategic management practices in order to remain sustainable and profitable. This study investigated the effect of strategic management practices on organizational performance among bread baking firms. Guided by the Resource-Based View, Porter's Five Forces, and Dynamic Capabilities Theory, the study adopted a descriptive survey design. Data were collected from 120 managers and administrative staff across registered bread baking firms using a structured questionnaire, and analyzed with descriptive statistics, correlation, and multiple regression. The results showed that strategy formulation ($\beta = 0.31, p < 0.001$), strategy implementation ($\beta = 0.28, p < 0.01$), and environmental scanning ($\beta = 0.22, p < 0.05$) significantly enhanced organizational performance, while strategy evaluation had a positive but non-significant effect. Overall, the model explained 52% of the variance in performance ($R^2 = 0.52$). The findings suggest that bread baking firms can improve productivity, profitability, and competitiveness through effective strategic planning, robust implementation, and proactive environmental analysis. The study concludes that institutionalizing strategic management practices is critical for sustaining growth in the bakery sector and recommends that firms strengthen evaluation mechanisms to support long-term performance.

Keywords: Bread Baking firms, Dynamic Capabilities, Organizational Performance, Resource-Based View, Strategic Management Practices

Introduction

In today's hypercompetitive marketplace, organizational performance hinges not only on operational efficiency but also the strategic acumen with which firms employ management practices. Bread baking firms, characterized by tight margins, perishability constraints, and intense competition, find themselves at a precarious crossroads. Resilient and profitable firms in this sector increasingly attribute their success to the disciplined application of strategic management practices—such as environmental scanning, strategic alignment, resource orchestration, and continuous strategic evaluation (Porter, 1996; Barney, 1991) ^[9, 3]. This study probes how such strategic practices catalyze performance in bread baking firms, aiming to fill a notable gap in food-industry-specific strategic management literature.

Strategic management theory offers a robust conceptual foundation for this investigation. The Resource-Based View (RBV) posits that sustained organizational advantage stems from resources that are valuable, rare, inimitable, and non-substitutable (VRIN)—for instance, proprietary baking formulations, skilled artisan bakers, or efficient distribution networks (Barney, 1991) ^[3]. In the context of bread baking firms, these internal capabilities may prove pivotal. Complementing RBV, Porter's Five Forces Framework sheds light on external competitive pressures—such as supplier bargaining power, threat of new entrants, and intensity of rivalry—that strategically guide firms' positioning and response strategies (Porter, 1979). Together, these theoretical lenses facilitate a dual focus on internal resource alignment and external competitive forces, underscoring a firm's ability to outperform rivals.

Moreover, Dynamic Capabilities Theory advances the premise that firms must adapt, integrate, and reconfigure internal and external competencies to meet evolving market demands (Teece, Pisano, & Shuen, 1997) ^[10]. In the volatile environment of the

bakery industry—where consumer tastes shift rapidly, supply chain disruptions occur, and raw material prices fluctuate—dynamic capabilities like agile production scheduling, rapid product innovation, and responsive distribution are essential for maintaining performance (Eisenhardt & Martin, 2000) [5]. Empirically, recent scholarship reinforces the tangible link between strategic management practices and firm performance. In diverse manufacturing contexts, firms that couple strategic planning with flexible execution capabilities typically report superior financial and operational outcomes (Wang & Ahmed, 2022) [11]. Specific to food processing, a 2023 cross-sectional study of small and medium-sized bakeries in Europe revealed that systematic strategic planning and resource investing significantly improved output quality and market reach (Martínez & Singh, 2023) [6]. Yet, the scholarship remains fragmented on how these findings translate into real-world performance metrics such as productivity, profitability, and overall efficiency in bread baking firms.

The present study thus aims to fill that gap by exploring the mechanisms through which strategic management practices foster organizational performance in the bread baking sector. Specifically, it investigates how environmental scanning, strategy formulation, resource orchestration, and dynamic capability development influence performance outcomes. By bridging theoretical rigor with industry specificity and leveraging data from bread baking firms, this research aspires to both extend strategic management theory and offer practical insights to practitioners in similar FMCG contexts. Specifically, the study investigated: (i) the extent to which strategic management practices (environmental scanning, strategy formulation, and implementation) influence organizational performance in bread baking firms, (ii) the role of internal resources and capabilities in enhancing the competitive advantage of bread baking firms through the lens of the Resource-Based View (RBV) and (iii) how dynamic capabilities such as innovation, adaptability, and responsiveness contribute to improved productivity and profitability in bread baking firms.

Method

This study adopted a descriptive survey research design, which is appropriate for examining the relationship between strategic management practices and organizational performance in bread baking firms. The design allows for the systematic collection of quantitative data from a defined population and the use of statistical techniques to test relationships between variables (Creswell & Creswell, 2018) [4].

The population comprised all registered bread baking firms operating within the selected study area. These firms were chosen because they represent a critical segment of the food processing sector that is highly competitive and resource-dependent. The respondents targeted were owners, managers, and key administrative staff directly involved in decision-making processes.

A sample size was determined using Yamane's (1967) [12] formula at a 5% margin of error to ensure adequate representation of the population. A stratified random sampling technique was employed to capture variations across small, medium, and large-scale bread baking firms.

This approach ensured the inclusion of firms with different

resource bases and strategic practices, thereby enhancing the generalizability of the findings.

Data were collected using a structured questionnaire developed based on existing validated instruments from prior studies on strategic management and firm performance (Barney, 1991; Teece, Pisano, & Shuen, 1997) [3, 10]. Responses were measured on a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The instrument was subjected to content and face validity through expert review by three scholars in management studies. A pilot test was conducted with 20 respondents from non-sampled firms, and the Cronbach's Alpha coefficient was computed to establish internal consistency. Reliability coefficients above 0.70 were considered acceptable (Nunnally & Bernstein, 1994) [7]. Data were collected through self-administered questionnaires, complemented with follow-up visits to ensure high response rates. Research assistants were trained to clarify ambiguities and ensure accurate responses.

Collected data were coded and analyzed using the Statistical Package for the Social Sciences (SPSS) version 25. Descriptive statistics (mean, standard deviation, and percentages) were used to summarize demographic data and strategic practices. Inferential statistics such as Pearson correlation and multiple regression analysis were employed to test the effect of strategic management practices on organizational performance. Hypotheses were tested at a 0.05 level of significance.

Model Specification

The relationship between strategic management practices and organizational performance in bread baking firms was modeled using a multiple regression framework. Organizational performance (OP) was treated as the dependent variable, while strategic management practices—environmental scanning (ES), strategy formulation (SF), strategy implementation (SI), and strategy evaluation (SE)—served as the independent variables.

The model is specified as:

$$OP_i = \beta_0 + \beta_1 ES_i + \beta_2 SF_i + \beta_3 SI_i + \beta_4 SE_i + \mu_i$$

Where:

OP_i = Organizational Performance of firm i

ES_i = Environmental Scanning

SF_i = Strategy Formulation

SI_i = Strategy Implementation

SE_i = Strategy Evaluation

β₀ = Intercept

β₁ – β₄ = Coefficients measuring the effect of strategic management practices on performance

μ_i = Error term

The a priori expectations are that:

$$\beta_1, \beta_2, \beta_3, \beta_4 > 0$$

This indicates that effective strategic management practices are positively associated with organizational performance. To test this model, the study employed multiple regression analysis at a 5% level of significance.

Results

Descriptive Statistics

Table 1: Descriptive Statistics of Study Variables

Variable	Mean	Std Dev.	Min	Max
Environmental Scanning	3.51	0.60	1.85	5.00
Strategy Formulation	3.68	0.70	1.98	5.00
Strategy Implementation	3.62	0.50	2.10	4.95
Strategy Evaluation	3.82	0.60	2.05	5.00
Organizational Performance	4.13	0.57	2.45	5.00

Table 1 presents the descriptive statistics of the study variables. The mean scores show that bread baking firms moderately engage in strategic management practices, with strategy evaluation recording the highest mean (3.82), followed by strategy formulation (3.68), strategy implementation (3.62), and environmental scanning (3.51). Organizational performance recorded a mean score of 4.13, suggesting that, on average, the firms perform above moderate levels.

Correlation Analysis

Table 2: Correlation Matrix of Variables

Variable	1	2	3	4	5
1. Environmental Scanning	1	0.10	-0.11	-0.04	0.33
2. Strategy Formulation	0.10	1	0.13	-0.07	0.55
3. Strategy Implementation	-0.11	0.13	1	-0.60	0.32
4. Strategy Evaluation	-0.04	-0.07	-0.60	1	0.25
5. Organizational Performance	0.33	0.55	0.32	0.25	1

The correlation matrix in Table 2 indicates positive associations among the independent variables and organizational performance. Strategy formulation ($r = 0.55$, $p < 0.01$) had the strongest correlation with organizational performance, followed by environmental scanning ($r = 0.33$, $p < 0.05$), strategy implementation ($r = 0.32$, $p < 0.05$), and strategy evaluation ($r = 0.25$, $p < 0.05$).

Regression Analysis

Table 3: Regression Results of Strategic Management Practices on Organizational Performance

Predictor	β	SE	t	Sig
Constant	0.81	0.15	5.40	0.000
Environmental Scanning	0.22	0.09	2.44	0.016
Strategy Formulation	0.31	0.08	3.88	0.000
Strategy Implementation	0.28	0.10	2.80	0.006
Strategy Evaluation	0.11	0.08	1.35	0.180

Model Statistics: $R = 0.72$, $R^2 = 0.52$, Adjusted $R^2 = 0.50$, $F(4,115) = 31.2$, $p < 0.001$

The multiple regression results (Table 3) show that the overall model was statistically significant (F-statistic, $p < 0.001$), explaining 52% of the variance in organizational performance ($R^2 = 0.52$). Among the predictors, strategy formulation ($\beta = 0.31$, $p < 0.001$), strategy implementation ($\beta = 0.28$, $p < 0.01$), and environmental scanning ($\beta = 0.22$, $p < 0.05$) had significant positive effects on organizational performance. Strategy evaluation ($\beta = 0.11$, $p > 0.05$) was positively related but not statistically significant.

Discussion

The purpose of this study was to investigate how strategic management practices enhance organizational performance in bread baking firms. The regression model demonstrated that environmental scanning, strategy formulation, and strategy implementation significantly predicted organizational performance, while strategy evaluation showed a positive but non-significant effect. These findings provide both theoretical and practical insights.

First, the significant influence of strategy formulation on performance aligns with the Resource-Based View (RBV), which emphasizes that firms achieve superior performance when they carefully align internal resources with strategic choices (Barney, 1991)^[3]. Bread baking firms that invest in well-structured strategies—such as market expansion, cost efficiency, and product differentiation—gain a competitive edge. This result is consistent with Martínez and Singh (2023)^[6], who reported that small and medium-sized bakeries that engaged in formalized strategic planning outperformed competitors in market penetration and profitability.

Second, the positive effect of strategy implementation highlights the importance of translating strategic plans into actionable programs. According to Dynamic Capabilities Theory, firms must integrate and reconfigure resources to remain responsive to changing market demands (Teece, Pisano, & Shuen, 1997)^[10]. Bread baking firms that adopted agile distribution channels, improved production processes, and adapted recipes to consumer tastes were more likely to achieve better organizational performance. This finding mirrors the observations of Wang and Ahmed (2022)^[11], who found that flexible strategy execution significantly improved performance outcomes in manufacturing firms.

Third, environmental scanning was also found to be a significant predictor of performance. This reinforces Porter's (1979) Five Forces framework, which underscores the need for firms to monitor external factors such as supplier bargaining power, rivalry, and consumer preferences. Bread baking firms that actively scanned their environments—by tracking price fluctuations in flour, monitoring competitors, and assessing shifts in consumer demand—were better positioned to sustain profitability. Similar conclusions were drawn by Adekunle and Lawal (2021)^[1], who reported that environmental analysis significantly improved survival rates among Nigerian SMEs.

Interestingly, strategy evaluation was positively related to performance but did not reach statistical significance. This suggests that while firms do engage in monitoring and feedback, such practices may not yet be systematically institutionalized within bread baking firms. It is possible that evaluation mechanisms are either informal or reactive, thereby reducing their impact on performance outcomes. This finding resonates with the work of Alshammari (2022)^[2], who found that SMEs often undervalue performance evaluation due to limited managerial expertise or resource constraints.

Overall, the findings confirm the a priori expectations that strategic management practices positively contribute to organizational performance. They extend the literature by providing empirical evidence from bread baking firms—a sector rarely examined in strategic management discourse.

The results also highlight the interplay between internal capabilities and external scanning, showing that firms must strike a balance between leveraging resources and responding to external pressures.

Conclusion and Recommendations

This study examined the effect of strategic management practices on organizational performance in bread baking firms. Guided by the Resource-Based View, Porter's Five Forces, and Dynamic Capabilities Theory, the study established that environmental scanning, strategy formulation, and strategy implementation significantly enhanced organizational performance, while strategy evaluation had a positive but statistically insignificant effect. These findings affirm that bread baking firms can improve productivity, profitability, and market share by institutionalizing strategic management practices.

From a theoretical standpoint, the study reinforces the relevance of the Resource-Based View by demonstrating that firm-specific resources and strategic planning enhance performance outcomes. It also validates the centrality of environmental scanning as emphasized in Porter's competitive forces model and supports the premise of dynamic capabilities in responding to a volatile market environment.

Based on these findings, the following recommendations are made:

1. Bread baking firms should adopt formalized strategy formulation processes, ensuring that long-term goals are aligned with internal resources and market opportunities.
2. Managers should prioritize execution by allocating resources, training employees, and adopting efficient production and distribution systems to ensure that strategies translate into measurable outcomes.
3. Firms should invest in market intelligence systems and regularly monitor competitors, consumer preferences, and input costs to remain responsive to changing dynamics.
4. Although not significant in this study, evaluation is critical for sustained growth. Firms should develop performance monitoring frameworks, using both financial and non-financial indicators, to guide corrective actions.

Implications for Policy and Practice

The findings of this study carry important implications for both policy makers and industry practitioners in the bakery sector.

Policy Implications

1. Supportive Regulatory Frameworks: Policy makers should develop frameworks that encourage small and medium-sized bread baking firms to adopt strategic management practices. This could include tax incentives for firms that engage in innovation, quality assurance, and capacity-building initiatives.
2. Capacity Development Programs: Government agencies and industry associations should organize training programs focused on strategic planning, environmental analysis, and performance monitoring. Such initiatives will empower bakery managers with the knowledge and skills required to enhance competitiveness.
3. Access to Market Intelligence: Establishing government-supported market information systems can assist bakery firms in tracking consumer demand patterns, raw

material price trends, and competitive dynamics, thereby improving environmental scanning capabilities.

Practical Implications

1. Strategic Orientation: Bread baking firms must cultivate a strategic mindset at all levels of management, moving beyond operational survival to long-term competitiveness.
2. Resource Optimization: Managers should leverage the principles of the Resource-Based View by identifying and investing in unique resources—such as skilled bakers, innovative recipes, or efficient distribution systems—that can provide sustained competitive advantage.
3. Adaptive Practices: In line with Dynamic Capabilities Theory, firms should institutionalize flexibility and innovation, enabling them to respond quickly to supply chain disruptions, fluctuating consumer tastes, and regulatory changes.
4. Performance Monitoring: Firms need to strengthen their evaluation mechanisms by adopting key performance indicators (KPIs) that integrate both financial (profitability, sales growth) and non-financial (customer satisfaction, employee productivity) dimensions.

By addressing these policy and practice considerations, bread baking firms can build resilience against industry uncertainties and foster sustainable performance growth. Moreover, effective collaboration between government, industry associations, and firm-level managers will be essential in driving long-term competitiveness in the bakery sector.

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