

The Impact of Strategic Management on Organizational Performance: An Empirical Study

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Abstract

In today's era of globalization and intensifying market competition, business leaders, particularly in the food and beverage (F&B) industry, are compelled to pursue continuous innovation and implement effective strategic management practices to remain competitive and succeed in an increasingly complex market. In this study, we will delve deeply into the implementation of strategic management in an F&B enterprise, namely Ayam Guling Mister (AGM). It is the aim of this research to provide readers with an understanding of the concepts and basic principles of strategic management and their applicability to the F&B industry. Furthermore, the factors influencing the successful implementation of strategic management will be discussed. This research employs a qualitative approach, which is particularly suited to the investigation of the application of strategic management in the context of food and beverages production. This enables the perspectives of organisational leaders on the management of strategic initiatives to be elucidated, thereby facilitating an understanding of the processes involved in maintaining the viability of a product. The findings from this research indicate that the implementation of strategic management at AGM is crucial to ensure business success and sustainable growth.

Keywords: management, employee, food & beverages.

INTRODUCTION

The food and beverage (F&B) industry is a vital component of the national economy. In Indonesia, for instance, the F&B sector is experiencing robust growth, driven by an expanding consumer base and heightened demand for food and beverage products. This has led to the F&B industry becoming one of the key contributors to the country's economic expansion.

In the context of globalization and intensifying competition in the modern business landscape, those engaged in food and beverage operations are obliged to continue to innovate, and to employ effective strategic management techniques, if they hope to succeed and thrive in an increasingly complex market environment. Strategic management, as a process involving the formulation, implementation and monitoring of a company's strategic plans, is an essential element of modern business practice.

It is of great importance to implement strategic management in food and beverage (F&B) manufacturers, as this allows companies to gain a competitive advantage that distinguishes their products from those of their competitors. There are several ways this can be accomplished, namely through the development of new and innovative products, effective supply chain management, and improving the quality of products and services provided to consumers.

Nevertheless, F&B manufacturers encounter a plethora of challenges and obstacles when implementing strategic management, which must be surmounted. The success of strategic management in the F&B sector is contingent upon numerous factors, including shifts in market trends, fluctuations in raw material prices, and alterations in government regulations affecting the F&B industry.

This study will examine the implementation of strategic management in F&B producers namely Ayam Guling Mister (AGM) in detail. The objective is to provide readers with a comprehensive understanding of the fundamental concepts and principles of strategic management and their applicability to the F&B industry. Additionally, the study will explore the factors that influence the success of strategic management implementation.

Literature Review

The term "strategic management" refers to a systematic approach to the planning and control of a company's resources, with the objective of achieving its long-term goals. Strategic management theory provides guidance for companies seeking to make effective strategic decisions, in light of the challenges posed by an increasingly complex and uncertain business environment. The key elements of strategic management theory are as follows:

Environmental analysis is the process of identifying external factors that affect a company's performance. This analysis encompasses industry analysis, competitor analysis, customer analysis, economic factor analysis, and other factors that may impact the company's performance.

a. Internal analysis

Internal analysis entails the identification and appraisal of an entity's internal assets and liabilities, including its strengths and weaknesses. This analysis encompasses the evaluation of financial performance, the examination of organizational structure, the assessment of the capabilities of the workforce, and the determination of deficiencies in supply chain management.

b. Strategy setting

The strategy setting process entails the selection of alternative strategies that result from the environmental and internal analysis, which are deemed to be most suitable for the company's circumstances and that offer a competitive advantage within the industry. The selection of strategies is facilitated by the use of analytical tools, such as the SWOT matrix and PESTEL analysis.

c. Strategy implementation

Strategy implementation is the process of taking a series of actions by management in order to ensure the effective implementation of the selected strategy. These actions include the allocation of resources, the establishment of long-term planning, and the implementation of control and supervision systems.

d. Evaluation and control

The purpose of evaluation and control is twofold: firstly, to ascertain the efficacy of strategy implementation and secondly, to guarantee that the company achieves its long-term objectives. Evaluation and control encompass the measurement of performance, the monitoring of strategy implementation, and the potential realignment of strategy if necessary.

In the field of strategic management, companies are held to the standards of having a clearly articulated vision and mission and the ability to implement sound strategic decisions. In addition, companies are also expected to be able to implement strategic adjustments when necessary in order to effectively navigate the dynamic and evolving business landscape.

The application of strategic management theory to food and beverage companies will assist them in achieving their long-term objectives in the context of an increasingly complex business environment. One such example is that food and beverage companies may employ environmental analysis to identify trends and opportunities within the food and beverage industry. By being aware of these trends and opportunities, companies can take suitable strategic actions, including conducting research and development of new products, investing in technology and innovation, and expanding into new markets.

The application of strategic management theory to food and beverage companies will assist these entities in achieving their long-term objectives in an increasingly complex business environment. For instance, food and beverage companies can utilize environmental analysis to identify trends and opportunities within the food and beverage industry. By becoming aware of these trends and opportunities, companies can take appropriate strategic actions, such as conducting research and development of new products, investing in technology and innovation, and expanding into new markets.

After conducting an environmental analysis and an internal analysis, food and beverages companies may choose a strategy that is most suited to the company's particular conditions and that will give it a competitive advantage in the industry. Such strategies may include product differentiation, a focus on specific markets, product innovation and new market development.

In addition, food and beverage companies can implement these strategies through appropriate resource allocation, sound long-term planning, and the establishment of an effective control and supervision system. To implement the strategy, the company must ensure that all departments are involved in its implementation.

In conclusion, evaluation and control are employed to appraise the efficacy of strategy implementation, thus ensuring that the organization attains its long-range objectives. This entails gauging performance, monitoring the implementation of the strategy, and implementing adjustments, if necessary.

The application of strategic management theory enables food and beverages companies to enhance business performance and accomplish their long-term objectives in a progressively intricate and ambiguous business environment.

METHOD

The research employs a qualitative approach, a methodology suitable for the investigation of strategic management in food and beverages producers. This approach enables the researcher to gain insight into the perspectives of organizational leaders on the implementation of strategic management and the strategies employed to ensure the continued existence of their products.

The objective of this research is to ascertain how these companies manage their management strategies in order to maintain the existence of their products.

In the context of implementing strategic management in food and beverages companies, a qualitative approach can be employed to gain a comprehensive understanding of the manner in which companies implement strategic management in practice.

A qualitative approach can assist in identifying both internal and external factors that influence the implementation of strategic management within the company, as well as in uncovering the perspectives of various stakeholders, including senior managers, strategic decision-makers, and operational staff.

One of the qualitative research methods that can be employed to study the implementation of strategic management in food and beverage companies is the case study approach. This method can facilitate a comprehensive and detailed understanding of the strategic decision-making process, the strategic actions undertaken by the organization, and the impact and results achieved by the company.

A qualitative approach allows for a more nuanced and comprehensive understanding of the implementation of strategic management in the Ayam Guling Mister (AGM) company. This understanding can inform the development and improvement of strategies for achieving long-term goals in other companies.

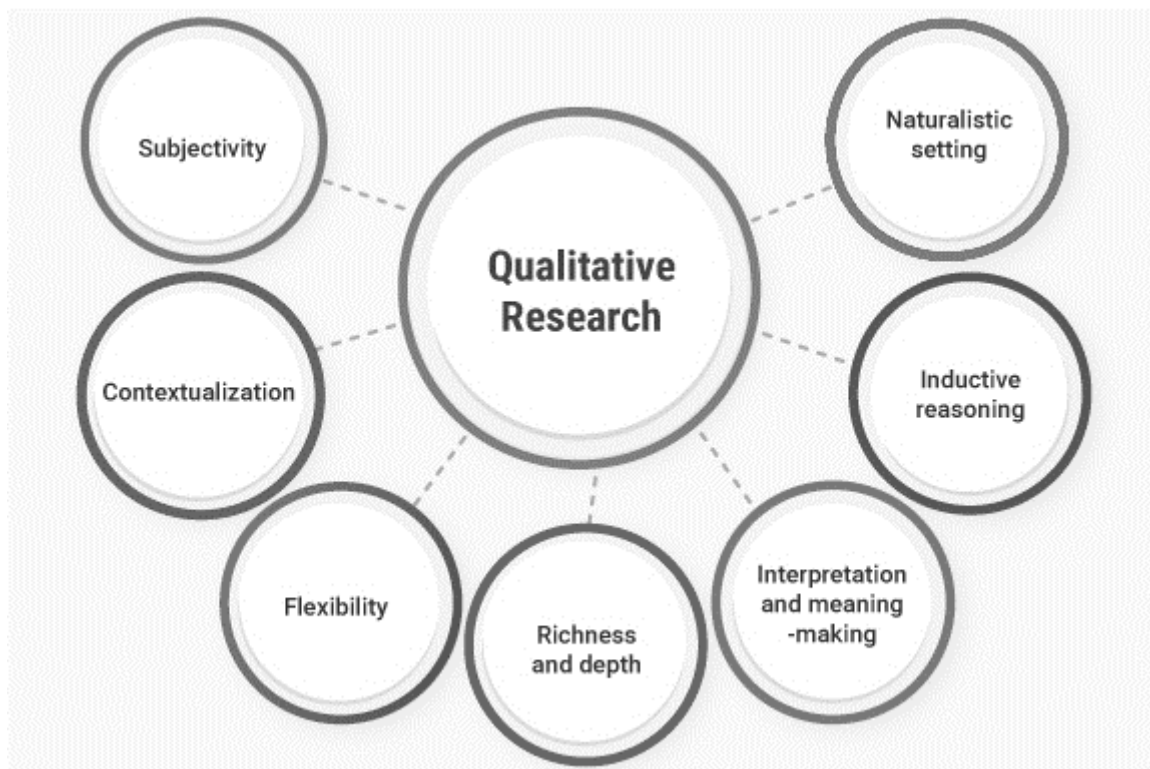


Figure 1. Qualitative Research Method

RESEARCH RESULTS AND DISCUSSION

The discipline of strategic management is a field of study that encompasses the formulation, implementation, and evaluation of strategic decisions between functions, with the aim of enabling an organization to achieve its future goals. It is a term that is comprised of two words, "management and strategy," each of which has its own distinct meaning. When these two terms are combined, however, their meanings become intertwined.

In summary, management is the process of planning, organizing, direction and supervision of the efforts of organizational members and the utilization of other organizational resources in order to achieve predetermined organizational goals. Therefore, the management process represents a vital aspect of organizational success. Proper management of the organization, both in terms of human resources and other resources, is essential to achieving predetermined goals.

The term "management" is derived from the Latin word "manage," which means to drive, command, organize, and oversee. In essence, management is the capacity and specific skills of each manager to coordinate activities with or through other individuals within an organization or institution to achieve organizational goals.

Management is an endeavor to utilize all available resources, including both human and material resources, in order to assist the organization in attaining high levels of performance.⁴ Based on the theoretical foundation presented above, management can be defined as a process of guiding and directing an organization in a structured manner towards the achievement of predefined goals.

The term "strategy," in its most general sense, refers to a goal to be achieved. It encompasses the efforts to communicate not only what needs to be done but also by whom, how it is to be done, and to whom the results are to be communicated, as well as the reasons for assessing the results of that effort. A strategy is, in essence, an integrated set of choices, and it is important to recognize that those choices may not necessarily align with the choices that are considered most important from a matter faced by the leader or executive.

Strategically, strategy is a communication tool. The strategic individual must endeavor to ensure that the appropriate individuals are aware of the organization's goals and objectives and how they are to be achieved. Consequently, strategy is directed towards determining how the organization seeks to exploit or influence its environment, as well as selecting internal organizational efforts, which are not part of the strategy. Based on the aforementioned description, it can be stated that strategy is a statement that directs how each individual can work together in an organization in order to achieve the organization's goals and objectives.

Strategy is an indispensable management instrument, including in the context of food and beverage (F&B) management. This strategy delineates the methods and processes of strategic management to achieve its strategic objectives. The process of school strategy management comprises the identification of potential strategy options to achieve the school's goals, as well as an evaluation of these alternatives or groups of potential strategies for the F&B company.

Strategic management is a process of fundamental and comprehensive decision-making that is informed by a determination of how to implement these decisions, which is ultimately made by the leadership of the organization and implemented by all levels. Its objective is to achieve the organization's goals.

Strategic management is an organizational process of formulating and implementing a strategy. Strategic decisions are those regarding the long-term development of the company's organization, with the objective of increasing the distinctive competencies of the company's organization. From this theory, it can be seen that strategic management has an influence on the development of an organization or company.

Strategic management may be defined as an organizational process of formulating and implementing strategy. In essence, strategic decisions concern the long-term development of a company's organization, with the goal of increasing its distinctive competencies. It is evident from this theory that strategic management has an impact on organizational development, whether at a company level or at an individual level within that company.

Ansof (2014) posits that strategic management is an organized approach to a managerial responsibility, which shapes the organization to achieve specific, long-term goals in a sustainable manner. This process ensures that novel formulations are guaranteed or secured that have not been conceived of prior to their development. A systematic approach to change is essential in strategic management, which requires that the goals are met through the strategic management approach. It is therefore anticipated that F&B leaders will adopt a systematic approach to the strategic planning of F&B programs.

Alternatively, strategic management can be defined as a systematic process devised by management to develop, implement and evaluate strategies, with the objective of providing optimal value to customers and enabling the realization of the organization's vision. This definition can be further elucidated by identifying four key concepts:

- a. Strategic management is a process comprising a series of deliberate steps, involving the participation of management at all levels of the organization, from the most senior leadership to the lowest-ranking employees.
- b. The process is employed to establish the vision and mission, define strategic objectives, and select appropriate strategies to attain short- and long-term goals.
- c. The process serves as a foundation for the implementation of strategies designed to provide optimal customer value.
- d. It is imperative that the implementation of the strategy be subjected to continual evaluation in order to ascertain its conformity with the plan and the latest developments.

It is a fundamental tenet of strategic management that strategies must provide benefits to the company or organization. Therefore, if the management process fails to create benefits, it cannot be considered strategic management. Strategic management is comprised of a series of decisions and actions that collectively prepare the ground for the formulation of effective strategies, with the ultimate aim of facilitating the achievement of corporate goals. Strategic decisions represent a means to an end; in this context, they include determining the scope of the business, identifying the products and markets to

be served, delineating the functions to be performed, and establishing the key policies necessary for the effective implementation of decisions, with a view to achieving desired outcomes.

The implementation of strategic management will result in a clear reference point for various steps and analyses of the institution's development. In this case, the role of the head of F&B/madrasah is pivotal in exercising control and ideas. Therefore, the researcher will also attempt to explore the implementation of strategic management from the perspective of the head of the educational institution, which is the subject of his research.

The evaluation of an organization's management effectiveness will be significantly influenced by subjective judgments regarding strategic planning and implementation. Organizations that excel in strategic planning and exhibit minimal implementation errors are more likely to achieve optimal performance.

In light of the Company's historical experience in the implementation of its organisational structure, the main urgency of applying strategic management principles is to facilitate the formulation of a more appropriate strategy. This can be achieved through a systematic, logical and rational approach to the process of selecting management strategies in the context of a changing global era. The basis of strategic management is to foster commitment or support from all relevant parties, including human resources, in relation to the Company's vision, mission, goals or market target and efforts to achieve them.

In light of the aforementioned, the principal objective of strategic management is to foster comprehension and dedication among all executives and implementers within the Company. A significant advantage of strategic management is that it offers organizations the opportunity to empower individuals. Empowerment can be defined as the act of enhancing employees' sense of efficacy by encouraging and rewarding their participation in decision-making processes and by allowing them to demonstrate initiative and imagination.

The application of strategic management in organizations can respond to various demands and routine and bureaucratic activities. However, more than that, the company must strive to plan strategic activities, implement, and control all operations in order to achieve the strategic goals that have been formulated.

In the current era of economic globalization, business activities are not solely constrained by the limitations of national borders. Consequently, the scope of the environment and its dynamics directly or indirectly influence management and work life within organizations, necessitating the ability of company leaders to address this through policy adjustments. Therefore, it is imperative that every leader in a company carries out strategic management for their respective entity.

Strategic management is a system comprising a number of interrelated components that collectively influence and drive the organization towards a common goal. The objective of strategic management is to facilitate the implementation of strategies that can be integrated into the organization's decision-making and operational processes. This strategic management will always address the dynamics that occur both from the internal and external environment. It will then continue with an attempt to adjust until finally the predetermined goals can be implemented or realized properly based on the entire scope of work in the organization.

Consequently, this strategic management can be employed directly in both the macro environment, for instance in government management, and the micro environment, for example in the management of companies or organizations. However, in the use of macro and micro scopes, there are a number of fundamental differences, which are described below. In the context of macro policy, the subjects and objects of management are considered to be the aggregate society. In contrast, in the micro scope, the subjects and objects of management are individual companies, households, or customers who use production products.

Furthermore, in regard to the working principles for macro strategic management, it seems likely that attention will be directed to effectiveness. In contrast, in micro strategic management, it must be in accordance with the working principles of efficiency. Consequently, strategic management is required to be implemented in an organization in order to reinforce the internal and external systems of the organization, given that strategic management is a dynamic process occurring continuously within an organization, given the dynamic nature of both the internal and external environment.

The author conducted case studies as part of the research process, and the findings will be used to construct a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis. The subsequent section presents the outcomes of the aforementioned analysis.

1. Strength

- AGM has a well-known brand in the local community. Its products exhibit Middle Eastern characteristics at an affordable price, which makes them appealing to the local community.
- Efforts to maintain quality provide a positive image in the eyes of the community, which in turn makes AGM dishes the preferred choice for consumption.
- The public's trust in the quality of the products is a significant factor in their marketing.
- AGM's success is contingent upon the loyalty, dedication, and expertise of its employees, who possess both specialized knowledge and a general understanding of their respective fields.

2. Weakness

- The location of the restaurant, situated in the Jakarta business district, limits its accessibility to a specific area.

Consequently, many individuals are unable to enjoy the AGM experience.

- In the recruitment of employees, AGM continues to utilise the spoils system, given that the company was originally established as a family business.
3. Opportunity
- One potential avenue for growth is the establishment of additional branches outside the district business area, thereby enabling the company to reach a broader regional audience.
 - AGM employs a variety of promotional media to market its products, including social media, networks of Middle Easterners residing and working in the vicinity, and printed materials. With an effective marketing strategy, the company can undoubtedly expand its market reach and enhance consumer awareness of its products.
 - The accelerated pace of technological advancement offers companies the potential to enhance the efficacy and productivity of their production operations. AGM can leverage technological advancements to elevate the quality and yield of its manufacturing processes.
4. Threats
- There are competitors with analogous names and logos. Similarly, the packaging is designed to be as similar as possible.
 - The price of raw materials used in the packaging of chicken products is subject to fluctuations.
 - High advertising costs.
 - The fluctuating exchange rate of the Indonesian rupiah against foreign currencies has a direct impact on the price of basic commodities.

In a recent study, the owner of AGM also provided insights into several strategies implemented by the company. One of AGM's primary objectives is to ensure the quality of the source ingredients, with particular emphasis on chicken, beef, and goat meat. Additionally, the halal certification is of paramount importance. This encompasses the entire supply chain, from slaughtering to chopping to serving to consumers. This is a crucial aspect of the AGM service to consumers.

Furthermore, the Ayam Guling Mister brand maintains a rigorous inspection and quality control program, with periodic inspections conducted by internal teams at the slaughterhouse location, in addition to regular testing of animal carcasses destined for consumption.

AGM enforces exacting quality standards throughout the production process and performs periodic product testing, thereby ensuring that the quality of our products consistently meets the requisite standards. In order to offset the rising costs of raw materials, AGM assesses alternative packaging materials that offer cost savings while maintaining superior quality. Furthermore, the company engages in negotiations with raw material suppliers to secure competitive pricing.

Moreover, AGM is engaged in ongoing monitoring of emerging technologies and market shifts to align its product marketing strategy with evolving trends, particularly in the utilisation of digital platforms and technologies such as online platforms and mobile applications.

CONCLUSIONS

It can be concluded from the preceding analysis that the implementation of strategic management in the food and beverages industry is of paramount importance for the achievement of business success and sustainable growth. This is evidenced by the ability of the Aqua company to navigate various challenges and market opportunities, including the demographic shift, the emergence of new products, and the problem of counterfeit products. In order to enhance business success and achieve sustainable growth, it is recommended that food and beverages manufacturers implement strategies such as maintaining product quality and natural resources. It is imperative that manufacturers ensure the maintenance of product quality and the prevention of the pollution of natural resources, in order to maintain consumer trust in the continued use of their products. Secondly, there is a necessity for the improvement of distribution channel efficiency. It is imperative that manufacturers leverage technology and innovate in distribution channels to achieve sales targets in an effective and efficient manner. Furthermore, it is crucial to prioritize product safety and combat the proliferation of counterfeit products. It is imperative that manufacturers closely monitor their products to prevent them from being easily counterfeited. Furthermore, producers must collaborate with relevant parties to address the issue of counterfeit products. Implement an effective marketing strategy: Manufacturers should align their marketing strategies with market trends and leverage technology to enhance marketing efficacy and efficiency.

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