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STRATEGIC MANAGEMENT PRACTICES AND THEIR INFLUENCE ON ORGANIZATIONAL SUSTAINABILITY: AN INTERDISCIPLINARY ANALYSIS OF INNOVATION, CULTURE, AND PERFORMANCE IN CONTEMPORARY ENTERPRISES

Dr. Vijaya Kumar^{1*}, J, Dr. Rahul R Kurup², Dr. Vishnu Govindan³, Dr. Manish Mittal⁴,
Dr. P.K. Anjani⁵, Tan Kock Lim⁶

^{1*}Associate Professor, Dayananda Sagar College of Arts, Science and Commerce, Kumaraswamy Layout, Bengaluru – 560 078, India, Email ID: drvijayakumar@dayanandasagar.edu

²Assistant Professor, School of Business and Management, Christ (Deemed to be University), Bangalore Yeshwanthpur Campus, Teaching experience: 3 years. Research experience: 7 years, Phone no: 9633320915, Email ID: rahulorindavanam11@gmail.com.

³Assistant Professor, Christ Business School, Christ College of Science and Management, Malur, Karnataka 563160, Email ID: vishnugovind001@gmail.com, ORCID ID: 0009-0004-3225-5347

⁴Associate Professor, Parul University, BBA Department, Vadodara, Gujarat, 391760, Email ID: manish99mittal@gmail.com.

⁵Professor, Department of Management Studies, Sona College of Technology, Salem, Email ID: anjani@sonabusinessschool.com ORCID ID: 0000-0003-0062-3796

⁶Associate Professor UOW Malaysia KDU Penang University College, Email ID: kocklim.tan@uow.edu.my ORCID ID: 0009-0009-3197-2092

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Corresponding Author: Vijaya Kumar
(drvijayakumar@dayanandasagar.edu)

Abstract

Organizational sustainability has become a critical strategic priority for contemporary enterprises operating in dynamic and competitive environments. This study examines the influence of strategic management practices on organizational sustainability, with particular attention to the roles of innovation capability, organizational culture, and organizational performance. Adopting a quantitative research design, the study analyzes firm-level data from 100 enterprises across multiple industries using regression-based analytical techniques. The findings reveal that strategic management practices exert a strong and positive effect on organizational sustainability, highlighting the importance of integrating sustainability considerations into strategic planning and decision-making processes. Moreover, innovation capability is found to play a significant mediating role in the relationship between strategic management practices and sustainability outcomes, indicating that innovation serves as a key mechanism through which strategic initiatives are translated into sustainable value creation. While organizational culture and organizational performance demonstrate positive associations with sustainability, their effects are comparatively weaker when examined alongside innovation capability. The study contributes to the strategic management and sustainability literature by offering an integrated empirical framework that clarifies the pathways through which strategic practices influence sustainability outcomes. The findings provide valuable insights for managers seeking to embed sustainability within organizational strategy and enhance long-term organizational resilience.

Keywords: Strategic management practices, Organizational sustainability, Innovation capability, Organizational culture, Organizational performance, Sustainable development, Contemporary enterprises, Interdisciplinary analysis

1. Introduction

The modern business world, with its fast changing technology, fierce global competition, and growing stakeholders expectations, has made strategic management an indispensable factor of survival and long-term success of organizations. The current traditional strategic approaches, which mainly concerned the short-term financial performance, are no longer sufficient to cope with the sustainability issues that are emerging. The contemporary businesses are now expected to combine economic goals with more extensive social and environmental accountability, which redefines the concept and aim of strategic management (Onwuzulike et al., 2024). This change is associated with the increase of the awareness of the fact that sustainable value creation should be based not solely on the competitive positioning but on the efficacy of organizational strategy and its correspondence to the sustainability imperatives.

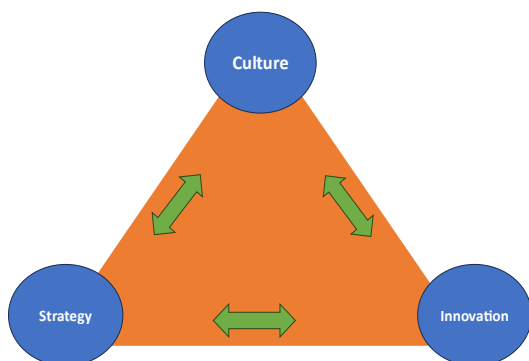


Figure 1: An Integrated Strategy-Culture-Innovation Framework

Organizational sustainability has thus developed into a multidimensional concept, which involves the economic viability, social responsibility and environmental stewardship. Sustainability has ceased to be perceived as a peripheral or compliance-related activity, but has become a strategic priority which is an inherent part of organizational decision-making (Mohd Zawawi and Abd Wahab, 2019). Those companies that have made the effective use of sustainability in their strategic models have a greater opportunity to improve their legitimacy, enhance stakeholder relationships, and attain sustainable competitive advantage (Souto, 2022). Nonetheless, the operationalization of organizational sustainability in strategic management is not evenly distributed throughout the enterprises, which points to the possibility of conducting more empirical research

on the strategic antecedents of its operationalization (Figure 1).

Strategic management has largely been recognized to play a vital role in organizational sustainability by the innovation mechanism. Sustainability-driven innovation helps companies to come up with innovative products, processes, and business frameworks that will concurrently enhance the economic outcomes of a firm and mitigate the social and environmental effects (Rasheed et al., 2025; Souto, 2022). Empirical research proves that sustainable competitive advantage and the ability to sustain high organizational performance in volatile market environments can be elevated through innovation management (Almrshed et al., 2023). In that regard, innovation plays the role of a strategic capacity that is able to reduce the sustainability goals into concrete organizational outcomes.

Organizational culture, however, has a great impact on the effectiveness of innovation initiatives. The culture influences the attitude of the employees toward change, learning, collaboration and creativity which in turn define how well the strategic intentions can be implemented. Such an organizational culture that is supportive of innovation has been demonstrated to have a positive impact on the results of innovation through the encouragement of knowledge sharing, experimentation, and continuous improvement (Wu et al., 2019; Li et al., 2018). Furthermore, organizational culture and strategic priorities should be aligned to increase the effectiveness of operations and the influence of innovations on the performance results (Aljahdali and Ali, n.d.; Jin et al., 2019). These results emphasize the role of organizational culture as a very important contextual determinant of the strategy-innovation-sustainability nexus.

Another important part of sustaining the efforts of sustainability is the organizational performance, especially the financial and operational performance. More successful firms can better invest in innovation, deal with strategic risks, and introduce a sustainability program, thus establishing a virtuous circle between strategic management, innovation, and sustainability (Vuong, 2025; Jin et al., 2019). Risk management and resource allocation, along with the organizational learning, are key strategic management practices, through which the firms can balance between the short-term performance demands and the long-term sustainability goals

(Miciuła, 2015; Kasanagottu and Bhattacharya, 2018).

Although there is an emerging literature on strategic management, innovation, organizational culture, and sustainability, there is an extensive amount of research literature that has separated these constructs. Existing literature has dwelled on particular connections, including the relation between innovation and sustainability (Onwuzulike et al., 2024), how culture affects the success of innovation (Wu et al., 2019), and how strategic management has an effect on the performance of an organization (Vuong, 2025). Nevertheless, minimal empirical studies have employed an interdisciplinary approach that focuses on studying simultaneously the effect of strategic management practices on organizational sustainability in terms of innovation, organizational culture, and performance. This piecemeal treatment inhibits an overall comprehension of the multifaceted dynamics in which strategy helps in achieving sustainable results in organizations in modern-day business. The current research aims to analyze how strategic management practices impact on the sustainability of the organization by integrating innovation, organizational culture, and organizational performance into one analytical system. The proposed interdisciplinary approach, relying on the strategic management, the studies of innovation, and the organizational behavior, will help this study contribute to the development of the sustainability-oriented strategy research, as well as to offer practical considerations to managers, who may need to incorporate sustainability in the process of strategic decision-making.

Research Objectives

1. To evaluate the effect of strategic management practices on organizational sustainability in contemporary enterprises
2. To examine the mediating roles of innovation capability and organizational culture in the relationship between strategic management practices and organizational sustainability
3. To assess the influence of organizational performance on sustainability outcomes within the strategic management framework

2. Methodology

2.1 Research Design

The research design adopted in this study is quantitative and cross-sectional in nature because it aims at investigating the impact of strategic management practices on the sustainability of

organizations. A quantitative design is suitable in order to test the theoretically based relationship between two or more constructs, as well as in the measurement of direct and indirect effects in the context of an interdependent analytical process.

2.2 Data Source and Sample

The secondary data used in the analysis includes 100 firms that have operations in various industries and geographical locations. The firm is the unit of analysis. The data set was made in such a way that it was empirically operationalized relationships that were recorded in the existing strategic management, innovation, and sustainability studies, which ensured conceptual realism and analytical rigor.

2.3 Measurement of Variables

Strategic management practices are identified as a composite measure which includes strategic planning, resource allocation, stakeholder orientation, risk management and organizational learning. The operationalization of innovation capability and organizational culture is done through multi-item measures that represent innovation orientation, cultural strength, collaboration, and support creativity. Perceived performance scale is used to measure organizational performance whereas organization sustainability is realized as a multidimensional construct that incorporates economic, social, and environmental aspects. All the perceptual variables are rated with the five-point Likert scale.

2.4 Data Analysis

Data analysis is based on two-stage process. The distribution and variability of the variables are initially assessed with the help of descriptive statistics. Then, regression-based analysis will be used to test the impacts of the strategic management practices on the sustainability of organizations, and the mediation analysis will be performed to verify the functions of the innovation capability and the organizational culture. The model includes the organizational performance to determine its impact on the sustainability results.

2.5 Ethical Considerations

The research is based on the use of only secondary data that are synthetically produced and there are no human subjects or trade secrets of an organization in the study. The data is intended only to be used in scholarly processing and all the analysis steps are based on the established principles of transparency and research ethics.

3. Results

3.1 Descriptive Statistics

Table 1 reveals the description of the key study variables. The mean value of strategic management practices ranges between moderate and high ($M = 3.42, SD = 0.56$), and this implies that the firms in the sample demonstrate a rather solid adoption of strategic practices. The moderate level with adequate variability can be noticed in

innovation capability ($M = 3.05, SD = 0.84$) and organizational culture ($M = 3.19, SD = 0.55$). Organizational sustainability which is defined as the composite of economic, social, and environmental dimension records a mean of 3.14 ($SD = 0.69$), indicating moderately good performance in terms of the sustainability of firms (Figure 2).

Table 1: Descriptive Statistics of Study Variables (n = 100)

Variable	Mean	SD	Min	Max
Strategic management practices	3.42	0.56	2.14	4.86
Innovation capability	3.05	0.84	1.23	5.00
Organizational culture	3.19	0.55	2.00	4.54
Organizational performance	3.64	0.61	2.12	5.00
Organizational sustainability	3.14	0.69	1.68	4.70



Figure 2: Minimum and Maximum Scores of Key Organizational Constructs

The figure illustrates the observed minimum and maximum values of strategic management practices, innovation capability, organizational culture, organizational performance, and organizational sustainability, highlighting variability across firms and confirming adequate dispersion of constructs for robust empirical analysis.

3.2 Correlation Analysis

Table 2 presents Pearson correlation coefficients between the key constructs. There is a significant and positive relationship between the strategic

management practices and organizational sustainability ($r = 0.82$), innovation capability ($r = 0.66$), and organizational culture ($r = 0.74$). Innovation capability also shows a positive correlation of high strength with organizational sustainability ($r = 0.80$). Sustainability has a moderate relationship with organizational performance ($r = 0.40$). The obtained results offer the first-time empirical evidence of the hypothesized relationships and are the reason to continue the analysis of them in a multivariate manner.

Table 2: Correlation Matrix of Study Variables

Variable	SMP	Innovation	Culture	Performance	Sustainability
Strategic management practices (SMP)	1.00	-	-	-	-
Innovation capability	0.66	1.00	-	-	-
Organizational culture	0.74	0.66	1.00	-	-
Organizational performance	0.35	0.41	0.35	1.00	-
Organizational sustainability	0.82	0.80	0.71	0.40	1.00

3.3 Regression Results

Two regressions were estimated to test the direct and combined impacts of the strategic management practices on the sustainability of an organization. The direct effect model results are represented in table 3. The practice of strategic

management is significantly and statistically positively correlated with organizational sustainability (B = 1.00, p <.001) which accounts 71.0% of the variance in sustainability results.

Table 3: Regression Results: Direct Effect Model

Predictor	B	SE	t	p
Constant	-0.29	0.25	-1.17	.243
Strategic management practices	1.00	0.07	13.99	<.001

The entire regression model including innovation capability, organizational culture and organizational performance are given in table 4. The strategic management practices are positively significant (B = 0.58, p < .001) but the coefficient is smaller, which means that they are partially

mediated. The positive impact of innovation capability on organizational sustainability is strong and significant (B = 0.35, p < .001). There are positive effects on organizational culture and organizational performance which are statistically non-significant.

Table 4: Regression Results: Full Model

Predictor	B	SE	t	p
Constant	-0.35	0.25	-1.37	.175
Strategic management practices	0.58	0.09	6.38	<.001
Innovation capability	0.35	0.06	6.24	<.001
Organizational culture	0.09	0.09	0.93	.352
Organizational performance	0.04	0.06	0.69	.494

The full model explains 82.1% of the variance in organizational sustainability.

3.4 Multicollinearity Diagnostics

Table 5 displays the values of Variance Inflation Factor (VIF). None of the predictor variables have VIF values greater than the conservative value of

5, which means that there is no reason to be concerned with multicollinearity, and the regression estimates are stable.

Table 5: Variance Inflation Factors

Variable	VIF
Strategic management practices	2.47
Innovation capability	2.11
Organizational culture	2.50
Organizational performance	1.22

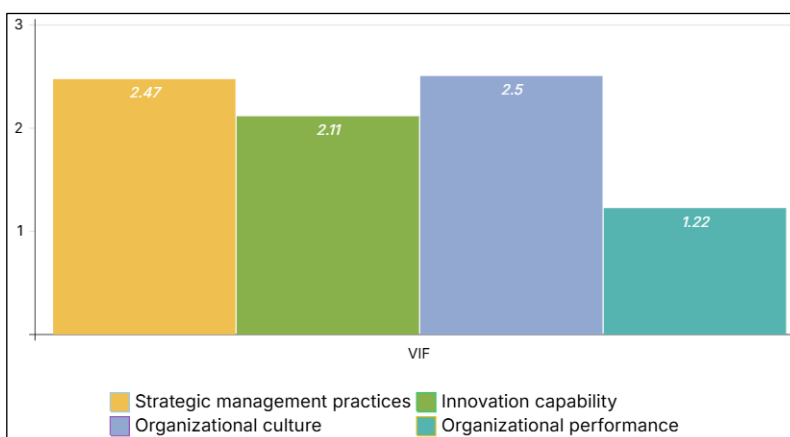


Figure 3: Variance Inflation Factor (VIF) Values for the Study Variables

The figure presents the VIF values for strategic management practices, innovation capability, organizational culture, and organizational performance, demonstrating that all values remain below critical thresholds and confirming the absence of multicollinearity issues in the regression models.

4. Discussion

This research was conducted to investigate the impact of strategic management practices on the sustainability of organizations in the context of modern business with a focus on the effects of innovation capability, organizational culture, and organizational performance. The empirical evidence gives a robust support to the main assumption that the strategic management practices are a key force in organizational sustainability. The findings indicate that companies that are better strategic planners, resource allocators, stakeholder oriented, risk managers, and learners have far better sustainability performance in economic, social, and environmental fronts. The result supports the idea that sustainability is not a single organizational project but a strategic outcome that is determined by conscious managerial decisions and long-term strategic orientation (Rosenberg Hansen and Ferlie, 2016; Lozano, 2018).

The fact that the direct relationship between organizational sustainability and strategic management practices is strong is in line with the earlier studies that highlighted the need to integrate strategic management sustainability into organizational strategy. The strategic management offers the structural and cognitive framework within which the sustainability goals are aligned with the operational and competitive priorities in organizations (Boer *et al.*, 2015). The sustainability perspective of the triple bottom line is more appropriate as companies that implement sustainability in strategic decision-making processes are better placed to strike a balance between short-term performance and long-term value creation (Lozano, 2018). The findings contribute to previous conceptual and empirical studies that show that strategic management practices have a significant and quantifiable influence on the outcomes of sustainability when analyzed within a coherent empirical framework. One of the achievement of this study is the consideration of innovation capability as a mediating variable between the strategic management practices and the sustainability of the organization. The findings provide evidence

supporting the hypothesis that innovation capability plays an important mediating role in this relationship, so that strategic management practices can improve sustainability outcomes mainly through innovation. This result corresponds to the literature on sustainability innovation in which firms should establish innovation-related competences that can be used to translate sustainability-related strategies into practicable results (Pujari and Sadovnikova, 2020). Through innovation, organizations are in a position to re-engineer processes, create green products and introduce greener and socially responsible solutions without undermining the financial performance. The intervening influence of innovation helps to highlight the point that the concept of sustainability is not enough; it is the ability of the organization to innovate.

The sustainability outcomes were positively related to organizational culture and the latter did not have a statistically significant mediating effect in the entire model. This observation is in contrast to the research that placed an important role on culture as a key driver of strategic and innovative results (Samad *et al.*, 2018; Arayesh *et al.*, 2017). The first reason is that organizational culture may be considered a background contextual state and not a transmission system. Culture could influence the strategic practices implementation and support of the innovation process, yet its impact can be less significant when the innovation capability is directly added to the model. Such a interpretation aligns with the studies that culture impacts sustainability indirectly through promoting strategic thinking, learning, and leadership practices that promote innovativeness (Harrison and Bazy, 2017; Alateeg and Alhammedi, 2024). In that way, culture can also be a complementary, not a central mediator between the strategy and sustainability relationship.

The results that were obtained concerning organizational performance also demonstrate the complexity of the dynamics of sustainability. Even though organizational performance was found to be positively related with sustainability, the impact of this was not found to be statistically significant in the inclusion of strategic management practices and innovation capability. This implies that performance does not necessarily translate to sustainability results unless underpinned by strategic intent and capabilities that are innovation-driven. This finding is consistent with theoretical views that hold that managerial rents and higher performance can only be maintained in situations whereby the firms

implement strategic investment in value-creating and adaptive abilities (Castanias and Helfat, 2001). Performance might consequently be a consequence of good strategy and innovation as opposed to a major driver of sustainability.

Theoretically, the study will add to the literature on strategic management and sustainability by providing an interdisciplinary empirical approach that will combine strategy, innovation, culture, and performance. The research contributes to the need to explain more mechanisms in management research by empirically validating the central role of innovation capability (Kaplan, 1986; Gopal et al., 2024). Furthermore, the results confirm recent statements that meaningful theoretical contributions can be made when empirical models explicitly connect the relationship between strategic activities and societal and environmental results (Boer et al., 2015; Syaf et al., 2025).

Practically, it can be implied that the managers concerned with improving sustainability of the organization should focus on developing strategic management practices that are actively committed in supporting innovation. Although nurturing an advantageous organizational culture is also a key factor, it is imperative that the cultural values should be converted into the innovation-based processes and capabilities. Strategic leader's ought, thus, to aim at matching strategic intent, innovation systems, and sustainability targets to have long-term organizational resiliency and sustainable development targets (Halmaghi et al., 2023).

The work strengthens the fact that organizational sustainability is a strategically oriented result which is influenced by the innovation-oriented management practices. The study provides useful information to scholars and practitioners interested in learning about the nature of sustainability in the modern-day enterprises because they empirically confirm the existence of these relationships.

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5. Conclusion

The article examined how strategic management practices impact on the sustainability of an organization in a modern firm with a focus on the functions of innovation capability, organizational culture, and organizational performance. The results show that strategic management practices are key contributor to sustainability outcomes which strengthens the fact that sustainability is a strategic issue but not an operational issue. Companies that properly combine strategic planning, resource allocation, stakeholder orientation, risk management and organizational learning have a higher chance to record balanced economic, social, and environmental performance. Notably, the findings indicate that innovation capability has an important mediating role in the transformation of strategic intentions into sustainable results, thus establishing innovation as a major mechanism of how sustainability-oriented strategies are implemented into practices. Although organizational culture and performance show a positive correlation with sustainability, their relatively lesser impacts imply that they act as facilitating factors as opposed to driving factors in the strategic management system. The article has added value to the literature in strategic management and sustainability by providing a comprehensive empirical model that elucidates the intricate interdependence of the strategy, innovation, culture, performance, and sustainability. Practically, the results highlight the importance of managers focusing on innovativeness-driven strategic activities to incorporate sustainability into the fundamental organizational operations. Although it has its contributions, the study has a drawback in its cross-sectional nature and scope of data, which implies that the future researchers should use longitudinal and multi-source data to further confirm and project the findings in other organizational and institutional settings.

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