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IMPROVING THE METHODOLOGY OF STRATEGIC MANAGEMENT OF BUSINESS ENTITIES UNDER DIGITAL TRANSFORMATION: A CONCEPTUAL FRAMEWORK

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Abstract

This article examines how the methodology of strategic management for business entities should be improved under conditions of digital transformation. Recent research shows that digital transformation is not limited to technology adoption; it involves changes in value creation, organizational structure, capabilities, performance systems, and managerial decision-making. Studies by Vial, Verhoef and co-authors, Plekhanov and co-authors, Elia and co-authors, and recent OECD reports indicate that firms now operate in a rapidly changing environment shaped by digital technologies, ecosystem competition, data intensity, and new governance demands. On that basis, the article develops a conceptual framework for improving strategic management methodology in business entities. The proposed framework integrates strategic scanning, digital maturity assessment, dynamic capabilities, business-model transformation, agile governance, performance measurement, ecosystem interaction, and continuous strategic renewal. The article argues that an effective methodology of strategic management in the digital era must move from static planning toward adaptive, data-driven, and capability-based strategic management.

Keywords: strategic management, digital transformation, business entities, conceptual framework, dynamic capabilities, business model innovation, digital maturity, adaptive strategy.

Introduction

Digital transformation has become one of the most important drivers of change in modern business. It affects not only production technologies and communication channels, but also business models, customer relations, organizational processes, and strategic decision-making [1], [2]. Vial defines digital transformation as a process in which digital technologies create disruptions that trigger strategic responses from organizations seeking to alter their value-creation paths while managing structural change and organizational barriers [1]. Verhoef and co-authors likewise show that digital transformation fundamentally changes customer expectations, business models, and the assets and capabilities firms need in order to compete successfully [2].

These changes mean that traditional approaches to strategic management are no longer fully adequate. Earlier strategic-management methodologies were often built around relatively stable environments, long planning cycles, and linear relationships between strategy formulation and implementation. Under digital transformation, however, firms face rapid technological shifts, increased uncertainty, ecosystem competition, and the need for frequent reconfiguration of resources and processes. OECD's Digital Economy Outlook 2024 also underlines that the current phase of digital transformation is characterized by rapid technological change that creates both opportunities and risks for the economy and society [8], [9].

For this reason, improving the methodology of strategic management in business entities has become a relevant scientific and practical task. The problem is not simply to add digital tools to existing strategic processes, but to redesign strategic-management methodology itself so that it can support adaptability, innovation, resilience, and long-term competitiveness [3], [4], [5]. The purpose of this article is therefore to develop a conceptual framework for improving the methodology of strategic management of business entities under digital transformation.

Literature Review

The scientific literature shows that digital transformation has gradually evolved into a major field of strategic-management research. Vial's widely cited review explains digital transformation

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as a process driven by disruptions created by digital technologies, which force organizations to respond strategically and reshape value creation [1]. Verhoef and co-authors further distinguish between digitization, digitalization, and digital transformation, and argue that firms must combine growth strategies with new assets and capabilities to transform successfully [2]. Plekhanov and co-authors, through a systematic review of peer-reviewed articles, conclude that digital transformation challenges the very logic of firms and compels managers to rethink both strategy and operations [3].

A second major line of literature concerns dynamic capabilities. Teece emphasizes that dynamic capabilities are the firm's ability to integrate, build, and reconfigure internal and external competences in rapidly changing environments, and that business models, dynamic capabilities, and strategy are interdependent [4]. Ellström and co-authors specifically connect dynamic capabilities with digital transformation and show that adaptation to technological change is fruitfully understood through a dynamic-capabilities lens [5]. These studies indicate that firms need the ability to sense opportunities, seize them strategically, and reconfigure resources continuously [4], [5].

A third important stream of research examines how digital transformation changes performance management and implementation logic. Cosa's systematic literature review finds that digital transformation makes performance-measurement systems more dynamic and adaptive, requiring strategic, organizational, and information-systems flexibility [6]. Elia and co-authors, in their digital transformation canvas, propose a conceptual map for leading digital transformation and identify roles, competencies, behaviors, and enablers required for implementation [7]. These findings suggest that strategic management under digital transformation must include not only analysis and planning, but also governance, competencies, and execution mechanisms [6], [7].

Methodology

This article uses a conceptual and integrative research design. It does not test a single statistical model; instead, it synthesizes major scholarly and institutional insights to build an improved methodology of strategic management for business entities. The research logic is based on three steps. First, the article reviews the key findings of digital-transformation and strategic-management literature. Second, it identifies recurring dimensions that appear across the literature, such as dynamic capabilities, business-model adaptation, digital leadership, performance-system flexibility, and ecosystem interaction. Third, these dimensions are integrated into a conceptual framework that can be used for strategic-management design in business entities. This type of conceptual synthesis is consistent with recent review-based and framework-oriented contributions in the field.

Analysis and Discussion

1. Why strategic-management methodology must change

The first analytical conclusion is that digital transformation changes the object of strategic management. In the traditional view, strategic management focused mainly on market positioning, internal resource allocation, and long-term planning. Under digital transformation, however, firms increasingly compete through data, platforms, ecosystems, business-model innovation, and the speed of organizational adaptation. Verhoef and co-authors show that digital transformation reshapes customer expectations and business models, while Vial emphasizes that organizations must alter their value-creation paths in response to digital disruption [1], [2].

The second conclusion is that digital transformation changes the process of strategic management. Strategy can no longer be treated as a periodic, largely static planning exercise. The literature instead points toward a more iterative, adaptive process in which managers repeatedly scan the environment, test strategic options, reconfigure resources, and measure outcomes in real time or near real time [6], [7]. Cosa's review of flexible performance management supports this point by showing that digital transformation requires more dynamic and adaptive performance systems [6].

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The third conclusion is that digital transformation changes the capability requirements of strategic management. Strategic success depends not only on planning skills, but also on dynamic capabilities, digital leadership, change management, and organizational learning. Teece's dynamic-capabilities framework and later studies on digital transformation consistently show that firms must develop the ability to sense change, seize opportunities, and reconfigure internal and external resources quickly.

2. Core deficiencies of traditional strategic-management methodology

Despite its historical value, traditional strategic-management methodology has several limitations in the context of digital transformation.

First, it tends to assume relative environmental stability, whereas digital transformation is marked by rapid technological shifts and ecosystem turbulence. OECD's 2024 outlook specifically emphasizes rapid technological change as a defining feature of the current digital era [8], [9].

Second, it often relies on linear planning logic, where strategy formulation precedes implementation in a sequential manner. Yet digital transformation research increasingly shows that strategy, experimentation, implementation, and learning are intertwined processes [6], [7]. Elia and co-authors' transformation canvas is especially valuable here because it frames digital transformation as a systemic process requiring roles, competencies, behaviors, and enablers to be designed together [7].

Third, traditional methodology may underemphasize business-model transformation and ecosystem coordination. Contemporary firms increasingly create value in partnership with customers, digital platforms, suppliers, and complementors. Research on value-proposition transformation and digital servitization confirms that digitalization fundamentally changes how firms create and deliver value [2], [3].

Fourth, traditional methodology is often weak in linking strategy with digital culture, digital leadership, and internal agility. Yet recent empirical work suggests that digital leadership and digital culture are important facilitators of digital transformation, especially in SMEs [12].

3. Proposed conceptual framework

In response to these challenges, this article proposes a conceptual framework consisting of eight interrelated components for improving the methodology of strategic management of business entities under digital transformation.

3.1. Strategic digital scanning

The first component is continuous environmental scanning focused on digital technologies, customer behavior, competitors, regulatory change, and ecosystem developments. This goes beyond standard market analysis because digital transformation unfolds across technologies, data infrastructures, and cross-industry platforms [1], [2].

3.2. Digital maturity diagnosis

Before strategic choices are made, firms should assess their digital maturity. This includes digital infrastructure, data quality, leadership readiness, process digitalization, culture, and digital skills [8], [10], [11]. Strategy should be based on a realistic diagnosis of current digital readiness.

3.3. Strategic intent and value-creation redesign

The third component is reformulating strategic intent in light of digital transformation. Firms should ask not only how to digitize existing processes, but also how to redesign value creation, customer offerings, and business models. Vial, Verhoef, and later research all indicate that digital transformation affects the very logic of value creation [1], [2], [3].

3.4. Dynamic capabilities development

A central methodological component is the deliberate development of sensing, seizing, and reconfiguring capabilities. This turns strategy from a static plan into an adaptive capability system. Dynamic capabilities are therefore not an optional add-on, but a core methodological principle for strategic management under digital transformation [4], [5].

3.5. Agile governance and implementation

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Implementation under digital transformation requires flexible governance mechanisms, shorter strategic cycles, experimentation, and feedback loops. Elia's digital transformation canvas and Cosa's work on flexible performance management both suggest that strategy implementation must become more iterative and adaptable [6], [7].

3.6. Performance management and strategic control

The framework also includes flexible performance measurement. Instead of relying only on lagging financial indicators, firms should track digital, innovation, customer, process, and capability indicators [6]. Digital transformation changes what should be measured and how quickly performance signals should feed back into strategy.

3.7. Ecosystem integration

Modern business entities increasingly create value within networks and ecosystems. Strategic methodology must therefore include partnerships, platforms, external innovation partners, and digital ecosystems [1], [2], [10], [11].

3.8. Continuous learning and renewal

Finally, improved methodology requires continuous learning. Strategic management should be seen as a recursive process in which firms reassess digital maturity, update strategic assumptions, and redesign governance as the environment changes [3], [6], [7]. This is consistent with the literature that treats digital transformation as a strategic and multidimensional initiative rather than a one-off project.

Table 1.

Proposed Conceptual Framework for Improving Strategic-Management Methodology under Digital Transformation

Component	Main content	Strategic purpose
Strategic digital scanning	Continuous analysis of technologies, markets, regulation, and ecosystems	Detect digital threats and opportunities early
Digital maturity diagnosis	Assessment of infrastructure, data, skills, leadership, and culture	Establish the firm's real transformation baseline
Strategic intent and value redesign	Reframing mission, value proposition, and business model	Align strategy with digital value creation
Dynamic capabilities development	Sensing, seizing, and reconfiguring resources	Increase adaptability and strategic responsiveness
Agile governance and implementation	Iterative execution, experimentation, and rapid feedback	Improve implementation speed and learning
Performance management and control	Flexible indicators and adaptive control systems	Strengthen strategic monitoring and correction
Ecosystem integration	Partnerships, platforms, and external innovation linkages	Expand strategic reach beyond firm boundaries
Continuous learning and renewal	Ongoing review and strategic updating	Ensure resilience and long-term competitiveness

Source: developed by the author on the basis of [1]–[12].

4. Scientific implications of the framework

The proposed framework contributes to strategic-management methodology in several ways.

First, it treats digital transformation not as a separate technical issue, but as a core determinant of strategic methodology [1], [2], [3]. This is important because much of the literature still discusses digital transformation as a business phenomenon without fully translating it into methodological principles for strategic management.

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Second, it shifts the focus from static planning to adaptive strategic capability [4], [5]. In this sense, the framework aligns strategic methodology with dynamic-capabilities theory and recent work on organizational agility and digital leadership.

Third, it connects strategy formulation with implementation architecture [6], [7]. Roles, competencies, digital culture, performance systems, and governance are all treated as methodological components rather than secondary execution issues.

Fourth, it recognizes that strategic management in the digital era is increasingly ecosystem-based and data-driven, which means that methodology must account for external interdependencies, platforms, and learning loops [8], [10], [11].

Conclusion

Digital transformation has fundamentally changed the context in which business entities formulate and implement strategy. Scholarly research and recent OECD evidence show that firms face a rapidly changing environment marked by technological disruption, evolving customer expectations, new business models, and increasing importance of data, ecosystems, and digital governance. Under these conditions, traditional strategic-management methodology is insufficient if it remains static, linear, and internally focused.

This article argues that the methodology of strategic management must be improved through a conceptual shift toward adaptive, capability-based, and digitally integrated management. The proposed framework includes strategic digital scanning, digital maturity diagnosis, strategic intent and value-creation redesign, dynamic capabilities development, agile governance, flexible performance management, ecosystem integration, and continuous learning. These components together form a methodological system capable of supporting business entities in the digital era.

In practical terms, the implication is clear: firms should no longer view strategy as a fixed document reviewed periodically, but as an evolving managerial architecture that continuously senses, interprets, and responds to digital change. In scientific terms, the article suggests that future empirical work should test the proposed framework across sectors and firm sizes, including SMEs and large enterprises, in order to refine its components and examine their effect on competitiveness, innovation, and resilience.

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