

## Abstract

Managers of business firms employ various strategies to be more competitive and profitable. However, the question whether strategy positively impacts on performance abounds. Thus the paper was aimed at seeking answers to the question by providing a systematic review of various studies on the relationship between strategy and firm performance. Existing studies have used various strategy topologies to examine the relationship between strategy and firm performance. The most prominent ones include the typology of Chandler (1962), Miles and Snow (1978), Porter (1980) and Mintzberg (1990). There is almost unanimous agreement among studies that business organizations with a clear and consistent strategy will perform better than firms without such a strategy. It is clear from the studies that the trajectory to high levels of performance is partly based upon a strategy that would strengthen firm's dynamic strategic capabilities which are critical mechanism between the business activities and performance.