

# Analyze the concept of strategic management

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**Abstract:** *To define the mission and goals of the organization, it is very important to understand what its current situation is and what barriers a company can encounter in the existing environment. By successfully deploying strategies, an organization can fulfill its mission and goals. Thus, firms must use strategic planning and strategic management. Strategic planning, which requires the ability to think strategically, is one of the most important management tools that helps managers recognize priorities and identify key actions necessary to realize the organization's mission and goals. Currently, strategic management has become one of the main aspects in the management of organizations due to the increasing dynamics of the development of the business environment. This article discusses the concepts of strategy, strategic planning, strategic thinking, and the importance of strategic management.*

**Keywords:** *management tools, strategy, strategic planning, strategic thinking, strategic management*

The function of coordinating people's efforts to achieve goals and objectives through the efficient and effective use of resources is called management. Management includes planning, organization, recruitment, management and control to achieve desired goals. Resource provision includes balanced management of human resources, financial, technological and natural resources. All resources are limited. The strategy is very important for the organization due to limited resources. The purpose of the author in this article is to explain the concepts of strategy, strategic planning, strategic thinking, strategic management and their importance to provide a starting point for the use of strategic management.

## 1. Strategy

The word "strategy" itself has many meanings, and all these meanings are useful, important and relevant for people who set a strategy for their organizations and corporations. Various authors have turned their attention to the concept of strategy. Below are the past definitions of various scientists, as well as their definition of the term "strategy". The word "strategy" comes from the Greek word "Strategos", the meaning comes from the origins of "army". The point of Strategos is to plan the destruction of enemies by using resources efficiently. Therefore, the concepts of strategy were previously used in the context of military operations and remain the standard of all definitions of strategy.

After the Second World War, due to the transition of business from a relatively stable environment to a competitive and dynamic one, there was a need for the concept of business strategies, which is a business-related strategy. There are many different definitions of business strategy concepts. Some of them. A number of actions that are determined by the firm in accordance with the situation are interpreted as a strategy [9].

The first authors who were able to link the concept of strategy with business were J. Von Neumann and O. Morgenstern in 1947. Based on this definition, many authors have developed business strategy concepts. Analysis of the current situation and change, if necessary, is called a strategy [4]. In accordance with this definition, it is necessary to find out what resources are available or what resources the company needs to acquire in order to realize its mission and goals. The strategy is a guide for decision-making based on the market volume of determinants, growth rates, competitive advantages and synergies [1]. According to Alfred D. [10], strategy is the formulation of the main long-term goals and objectives of the organization, as well as the implementation of a course of action and the allocation of the necessary resources to achieve these long-term goals. The strategy is defined as a scheme of decisions in an organization that formulates tasks and goals, develops fundamental plans to achieve these goals and determines the economic and non-economic contribution that needs to be made.

When all the above definitions are taken into account, we see that there are similarities, but despite the similarities, there are some important differences. Therefore, all these definitions are different opinions and views of different scientists. In this article, the author proposes a new definition of the

strategy as follows. "A strategy is an action plan that is used to formulate goals, objectives and means with their subsequent achievement." Following this definition, a strategy is an action plan that allows each member of an organization to understand the reason for its existence. And it also implies how this goal can be achieved.

## **2. Strategic planning**

Strategic planning is a roadmap that gives directions for the organization from now on, where to go or where to be in a few years. Strategic planning includes multi-year forecasts that are not very specific, like operational planning. This is a well-organized set of events that helps the company organize the present based on forecasts of the target future. A strategic plan is very important for an organization when developing a comprehensive plan that includes both long-term and strategic elements. The strategic plan should be based on the real situation and be simple, clear and clearly spelled out.

### **2.1. The purpose of strategic planning**

Better serving the needs of stakeholders and prioritizing the organization to meet the above needs are more important for the organization.

The strategic plan guides the organization in implementing, evaluating and adjusting programs when necessary. The plan should be flexible and practical. The development of a strategic plan requires a lot of discussion and timing, as it is necessary to study the ideas and options of the leaders. It should be an integrated document that includes the goals, objectives, mission and rules of the organization, taking into account the feelings, thoughts and opinions of developers. However, in most cases, development is less complicated than its implementation.

### **2.2. The process of strategic planning**

In most cases, the strategic planning process is uniquely designed to meet specific needs. In any case, all successful models involve most of the steps.

The main steps of the strategic planning process:

(1) Defining the vision and mission of the organization. The presence of these processes is very important. The company must be sure of where it is going.

(2) After clearly defining the vision and mission, it is necessary to scan the environment. Companies often use SWOT-analysis for this.

(3) Gap analysis is involved in the strategic planning process. At this stage, it is necessary to analyze the gap between the desired future and the future status of the company.

(4) The results of the organization's activities are compared with the best industry practices. The purpose of this step is to find a reference point for the formulation of goals and objectives.

(5) The main thing at this stage is the analysis and definition of strategic issues in accordance with the vision and mission of the company.

(6) Strategic programming. The company needs to develop strategies to address strategic issues in order to achieve its mission. At this stage, the company formulates goals, develops action plans and tactics.

(7) Periodic evaluation of the strategy is necessary. It is the next step in the strategic planning process. Conducting an efficiency assessment at least once a year is very important to assess the impact of specific actions on the long-term status or vision and mission of the organization.

(8) The final stage is a review of the strategic planning process. Here he can make the necessary changes or adjustments to the strategy based on the assessment. Again, with a revised plan, the company must respond to emerging strategies that may affect the company's course.

## **3. Strategic thinking**

On the one hand, strategic thinking can be considered as part of the strategic planning process, since to develop a successful strategic plan, the ability to think strategically is the most necessary skill of the

organization's leadership. On the other hand, strategic planning and strategic thinking can be considered as two sides of the same coin, and each of them is necessary in itself. However, an effective strategic management structure requires both strategic planning and strategic thinking. Strategic thinking can be defined as the process of organizing options through institutional thinking by evaluating alternatives and solutions to find the best fit between institutions, their resources and the environment. However, in my opinion, strategic thinking includes all actions, since strategic thinking is very important before every action related to strategy. Strategic thinking is a special way of individual thinking that uses creativity and intuition and creates an "integrated perspective of the enterprise" [6].

Strategic thinking involves thinking broadly towards the future direction of an organization based on expected environmental conditions. There is a difference between strategic thinking and strategic planning, Mintzberg argues that both require different types of thinking. Strategic planning is a systematic program that develops an action plan using predefined strategies. Strategic thinking, on the other hand, is a synthesized process that uses intuition and creativity. Therefore, in general, strategic thinking can be seen as a process that involves thinking and acting based on a set of assumptions and expected alternative actions.

#### **4. Strategic management**

Strategic management is a broader term than strategy. And it is also a process that includes an environmental analysis of the organization by top managers in order to formulate a strategy and plan for the implementation of the strategy and control. Strategic management is a set of ongoing activities of strategic analysis, strategy creation, its implementation and monitoring. He systematically organizes resources according to the vision, mission and strategy of the entire organization. Strategic management does not predict the future, but prepares the organization for it by knowing the exact steps to implement the strategic plan.

Initially, strategic management was part of strategic planning, which is now its main tool. Strategic planning is combined with strategic management, which combines planning and management in one process. Now strategic management has become one of the most important areas of management. It is a comprehensive set of management actions that helps company managers to maintain the organization in accordance with the environment and shows the right way of development [5]. Strategic management in an organization focuses on issues of creating and maintaining a competitive advantage [7]. It is a process and a path that governs actions throughout the organization [3]. It is a set of actions consisting of organizational analysis, decisions and actions to create and maintain competitive advantages. These competitive advantages help the organization explore opportunities and minimize threats from the environment. Therefore, in a more general sense, strategic management is a complex continuous process that includes defining the mission and goals of an organization in the internal and external environment. Advantages of strategic management. Strategic management makes an organization more active, rather than reactive, in order to initiate and influence activities in order to control it in shaping its future. Today, most organizations have realized the advantages of strategic management [7]. Advantages that can be obtained by engaging in strategic planning and management.

- (1) Improved communication: dialogue, participation.
- (2) Deeper/improved communication: other people's views, what the company is doing, why and how it plans.
- (3) Great commitment: to achieve goals, implement strategy, work hard.

The result is all managers and employees who fulfill the mission help the company to succeed.

Through dialogue and participation, managers and employees can better maintain communication in the organization for successful strategic management. In addition, the strategic management process motivates all managers and employees to be loyal to the organization. First of all, it is necessary to develop communication within the company. Therefore, employees need to know what the company is doing, how to achieve their goals, and then they can create a greater commitment to the success of the organization. Then managers and employees can understand each other and become more hardworking and creative. The efforts of all employees of the organization can be more successful [7]. More precisely, the benefits of strategic management are in two aspects; financial benefits and non-financial benefits. All improvements in sales, profitability and productivity include financial benefits. Proper strategic management can lead an organization to realize its mission and goals of the company [7].

There are also non-financial advantages. They are listed as follows:

- (1) Increases awareness of competitors' strategic threats from the environment and employee productivity.
- (2) Helps to avoid resistance to change and explores more opportunities.
- (3) Increases the ability of the organization to avoid problems by improving the interaction between managers at different levels of the hierarchy.
- (4) Brings order and discipline to the organization.
- (5) He develops a framework for the coordination and control of activities in the organization.
- (6) Improves communication and interaction between managers and employees.
- (7) Develops the ability of strategic thinking of all members in the organization.

## 5. Conclusion

Strategy is a very useful concept for an organization, as it has many variations. In this article, some definitions of strategy used by different scientists were given, and a new definition of strategy was also proposed as "A strategy is an action plan that is used to formulate goals, objectives and means with their subsequent achievement". Strategic planning is a roadmap for an organization that helps to manage an enterprise, especially if the strategic plan can be successfully applied throughout the organization. Strategic thinking and strategic management are more important responsibilities of senior management. The strategic planning process is a very comprehensive process that requires powerful strategic thinking. Strategic management helps an organization define its mission and goals by creating and maintaining a competitive advantage. Today, the organization has realized the advantages of strategic management for the enterprise. The article also briefly explains the financial and non-financial advantages of strategic management for the organization.

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