Importance of Strategic Management in Business

Yakup DURMAZ1* and Zeynep Derya DÜŞÜN2

1Hasan Kalyoncu University, Turkey
2Akbank Credit Allocation and Monitoring Manager Credits Business Unit, Turkey

Today, we see a busy and fast period of change in all area of our life. This process consistently changes especially the management domain and forces business managers to be ready to change at any moment. Change has become so fast all around the world and it has turned into a multidimensional concept. The period of change in which we live in an interactive and fast way in political, social, cultural and economic areas brings up different processes such as quick start, quick decision making, bringing more dynamics and flexibility structure to management. In this context, the main idea of our study is based on that businesses should manage the process of change by using strategies. Businesses which understand clearly what strategy is and design their future plans based on those strategies are going to be more successful than their competitors in the environments seen fierce competition and fast change. In our study formed around this basic thesis, first we will make a conceptual analysis related to strategies, then refer to the importance of strategic management and we will examine strategic management contributions to businesses and finally, we will mention the importance of connection between strategy and culture of an organization to be enable more success in the strategic management process.

Keywords: Strategy, Strategic Management, Strategist, Culture of Organization, Productivity

JEL Classification: M10, M19

1. Introduction

In recent years, all around the world fierce competition has emerged because of some concepts such as globalization, fast technological changes, new consisted markets and changing customer expectancies and the competition has become more and more overwhelming. So businesses are forced to think strategically and making decisions by using strategic planning more.

Indeed, while strategic management was known and used in private sectors, some transnational companies, big companies and holdings in the 1980s, today many businesses use it as a means of achieving their objectives (Aktan, 2007, p.1).

Today, the main goal of businesses is developing strategy and techniques which present the best service and production in a most productive and effective way and so it is aimed to reach goals and aims in an
optimal and productive manner. That is possible with having a long-term mission to be able to adapt their business in the rapidly changing world. So, they need to identify necessary strategies and transfer them into practice (Güçlü, 2003, p.62).

By common consent, businesses should identify their aims and goals and the possible strategies which can achieve success in today's fierce competition environment. This process should be realized with a prudential and longtime perspective. That part includes preparation of long-termed aims, goals and priorities of strategic management operating budget, making resource allocation according to these priorities and, in the end, accountability (Mediha Yalçın, 2015). In this sense, strategic management is a prudential effort. The manner in which is perceived in the future is mentioned with vision and prudential efforts are objectified with the mission. Besides being aware of opportunities and threats which can come from the outside, businesses should be aware of their potential or their weaknesses, as well (Güner, 2004, p.42).

2. Management with Strategies

Nowadays, the aim of strategies, in terms of businesses, is identified as providing intended results for the institution in the uncertainty atmosphere because strategy provides an opportunity for the business to be opportunist according to its aim (Helvacı, 2005, p.169). Being opportunist provides an advantage for the businesses in a fierce competition environment.

On this note, the strategy is about sustained choices. Plans which carry out strategic thinking in practice, involve extent, aim, sources and period of control in the business. It shows formulation of aim, goals, and tools to be used systemically (Okur, 2007, p.74). This close link between strategy and plan causes the proliferation of strategic manners of rule in today's modern management practices.

The ‘strategy’ concept in management which involves foreseeing the future by planning through prudential, long-termed periods is starting to be discussed frequently in business management literature. As a result of following management practices with strategies, businesses have started a systematic preparation for the future (Akçakaya, 2003, p.235). This situation paves the way for coming into prominence of strategy concept all around the world, especially for multinational businesses.

2.1 Conceptual Analyses

The lexical meaning of strategy shows that, in the long term, an effect predicted decision which is on the aim realization ability of a business or fullest extent of decisions (NND Dictionary, 2016). The concept is military sourced. Having its foundations in military practices, strategy implies the use of armament actions that are going to reach to determined goals identified by decision makers. If it is necessary, it will direct military, political, economic and moral powers in a coherence.

Forming a strategy is the responsibility of top management of business. However, after the strategy has been formed, in every step of the prepared plan, a manager who is related that part is responsible. It is the subject that each manager according to his authority makes a range of tactic decisions about the implementation of the plan (Bozkurt and Ergun, 1998, p.226).

In the content of the strategy concept, there are long termed thinking, good perception of the environment and well identification of the target. Accordingly, when it is said strategy, it is mentioned as the aim and goals which have clear vision, prudential and planned ways and techniques. Strategy word transferred by French to Turkish does not have the exact equivalent in Turkish. This concept that has started to be used in social sciences after the 1970s means sending, directing, transmission and guiding (Güçlü, 2003, p.66). In other words, it means the determination of ways to reach quantitative goals which are stated with numbers in anticipated time (Garih, 2005, p.85).

The etymological origin of the ‘strategy’ word comes from Ancient Greek. It is constituted with the combination of “stratos” (army) and “ago” (administer, direct) words (Akdoğan, 2007, p.449). Some writers state that that the word is etymologically derived from Latin “stratum”. In Latin “stratum” means “way, line, river bed”. The lexical meaning of strategy can be identified as “building action association and regulation art to attain an aim” (Aktan, 2007, p.1).

Indeed, strategy is a military oriented concept used to mean an aim of gaining a battle or a conflict in a war. However, today we use this concept in every area of our life. It means ways and techniques which are going to be used for achieving an identified aim or goal by using human and non-human all tools (Çevik, 2001, p.310). The main research topics of strategic management are forming a strategy, determining the best strategy among other options, more strong and effective strategies implementation towards to opponent strategies in the competitive markets (Aktan, 2005, p.97).
Even in the smallest of businesses, determination of policies is created by the one who knows or guesses all the opportunities and conjuncture of a particular market. In business, primary strategies and strategist are needed to make real policies that have the characteristics of aim. Strategies, by gathering available numeral opportunities, produce strategies which are going to realize those policies. In that process, if businesses act based on top manager or under the presidency of top manager a business executive committee rather than board directors, their prospects are going to be high (Garih, 2005, p.84).

In the content of the strategy concept, there are long termed thinking, good perception of the environment and well identification of the target. Accordingly, when strategy is stated, it is also mentioned the aims and goals which have a clear vision, prudential and planned ways and techniques (Çevik, 2001, p.310).

The strategy concept can be thought as showing action by the senior executive to achieve his own or businesses’ aims in a competition environment. Also, it is pointed out that today the important thing is not the strategy but the using strategy concept. It is emphasized that a business may have multiple strategies. Entities which constitute that business may have different strategies even some entities’ strategies conflict with each other (Tortop and İsbirv, 2007, p.231).

The strategy concept as well as being a current concept in the defense area, it has been used in management for a very long time. Strategy in management science shows the ways of reaching the goals of the businesses. Especially in management science, business strategies towards their competitor cause to rise first strategic planning and then a discipline called strategic management (Aktan, 2007, p.1).

A strategic approach is determining and identifying aims and goals, developing a strategic plan of action which is going to be an intermediary between business and its environment and it is going to be best and finally creating effective techniques for implementation of that plan (Çevik, 2001, p.313). In this sense, to reach the determined goals, strategy consists of primary aims, goals or purposes, important policies, and plans.

Strategy in business management is the fullest extent of clarifying the confusion that occurs among the different functions of the business, regulating determined characteristics of general aims and selective decisions about reaching to optimum in an economic environment. These selections guarantee existing and developing of the business such as a living being (Çınar, 2010, p.1).

With the purpose of meeting expectations of risk bearers, strategy can be identified as an adaptation activity to activity area, environment, and resources. It is possible to categorize strategy such as designed, offered, and expected by the manager, prudential fictionalized strategies and actualized distinguished strategies. Fictionalized strategies consist of aims, policies, and plans that can be separate as overall and narrow-scoped. Distinguished strategies, on the contrary, fictionalized strategies, base the past because fictionalized strategies do not come true always as it is fictionalized. Managers have to make changes according to conditions on construct (Yüzbəşoğlu, 2008, p.388).

Another important strategist, namely Chandler, identifies strategy as preparing suitable operation programs by identifying long-termed aim and goals and allocating necessary sources to make real these aims. Besides that, the strategy can be thought as business aims and changes in these aims, sources which are going to be used to make real those, identifying characteristics of these sources deciding about distribution and use policies (Güçlü, 2003, p. 66). Here, it is meant that before making a decision, it is important to select the most appropriate option among multiple options for solving a problem and making the aim of the business real (Aytürk, 2007, p.205). Businesses are going to try to select from among multiple options the most appropriate one and transfer that one to practice. In this way, this technique will make a great contribution to their overall performance.

2.2. Strategies and Strategic Management

Before further exploration, it is worth mentioning that strategy is a planning process that interacts with the competitive environment to achieve organizational aims. The plans, which are the primary component of that process, are generally formal, clear and long termed tools which affect how the business is going to act in its environment (Arslan, 2001/b, p.189).

Strategic management which is directly linked to the functionality of those plans is a management technique which enables the determination of prudential aims and goals and identifying a necessary process to achieve those proposed goals (Güçlü, 2003, p.66). Here, the most general, broad and the most extensive aims are produced with the help of vision. A future photograph of the business is described to state the necessary tools and sources for making intended aims real (Karaman, 2005, p.22).

Key facts of strategic management strategies include the plan of making actions, methods, tactics, vision and aims real on the way of actions to be taken. Strategies in businesses aim the realization of acquired, transferred and used learning in actions in optimum level (Argon and Eren, 2004, p.203).
In this context, it is suggested to managers that they should group strategic problems and management problems in different categories. Absolutely, managers should identify whether problems derive from a strategic decision or management decision in all processes. Accordingly, strategic actions should be thought as long termed investments (Matheson and Matheson, 1999, p.53). Hence, actions should be carrying out long termed strategic foresight.

Strategic management is a management technique which enables identifying prudential aims and goals in businesses, whether this businesses are private, public and nonprofit third sector, and determining the necessary processes to achieving these goals. In this context vision means prudential feasible aim and goals (Stratejik Yönetim, 2015).

In other words, vision is the intended future picture of the business. The mission is the statement of goal oriented duty and stability which is intended to be reached in future. For the business, it is the answer of "Why do we exist?" (Dincer and Fidan, 1996, p.24). Strategic management makes the future planning of the business by using both of these concepts as well.

Fundamentally, we can say that strategic management is a management practice which represents the special work field of top managers. Considering this aspect, we are analyzing the internal and external environment, according to these analyzes identify organizational aspect with long termed perspective, for achieving stated aims we formulate necessary works and techniques. It is a technique that we evaluate the application and to what extent realization of strategies called projects, attitude, and actions (Güner, 2004, p.42).

From this aspect, strategic management guided businesses, such as a compass which shows the way to lost ships in the storm and at the rate of its' success, its' importance has increased day by day.

2.3 Increasing Importance of Strategic Management

A business that does not have strategy that cannot see the future and this business does not have a direction. Daily, routine works cannot create an appropriate and harmonious goal. The strategy is used for creating an aim with focus, accord and harmony by developing guidance plans, models, positions and perspectives for strategic action (Çevik, 2001, p.309).

Nowadays, organizational structures of businesses change are based on identified strategies. The business structure should make a flexible action which responds quickly external changes with team works and innovator sources possible. The duty environment of a business is identified as an industry in which it carries on their activities. Social environment does not affect business' activities in short time. It includes long termed, effective powers that have the general structure (Çınar, 2010, p.1).

The development of organizational structures and tendency to business which use demand-oriented production come up to after the Second World War. Newman firstly revealed the importance and the nature of strategy in 1951. These phases continue with the generalization of overall performance models identified by researchers. Today's strategy aim, theory and instruments are finalized by these studies. In the 1980s, the subject being talked about has become focusing from planning to strategic planning. In that period, to be able to get competitive advantage of aims by identifying and guessing occasions, Porter lead to the development of extensive concept and techniques (Blogcu.com, 2006).

In this direction, conducted studies enable to development of strategy instruments. Researchers discussed that there may be a gap between confessed and targeted strategy in the 1970s and 1980s. They emphasized that different strategy processes can be seen in different businesses and so developing strategy cannot be seen as an easy mechanism design. Rapid change, raising competitive environment, high uncertainty degree have created a necessity for dynamic strategy development and consistently conformance to that change (Çınar, 2010, p.3). Directly, this necessity has increased the importance of strategic management for businesses.

2.4. Strategic Management Contributions to Businesses

Generally, strategic management has the ability to use information technology in geographical, cultural and organizational boundaries. They rely on transferring data into informatics, informatics to information and information to action in their customer help abilities. They also have the ability to present informatics service and products to people by agglomerative and privately (Hamel and Prahalad; 1999, p.55).

In that process, strategic thinking ability requires looking facts, problems, environmental changes in a different level and responding them. When it is assumed that there is a relation between decision makers' alternative thinking levels and their respond styles, it can be claimed that strategic thinking requires dealing with events, problems and changes in a standard and manner (Barca, 2002(a), p.9).

Conventionally, strategists see the businesses as a black box and perceive as a structure that wants to adapt developments on their constitutions by evaluating new opportunities in the market. That classic view
necessitates realizing the market power such as strategic works and competition factors while developing a strategy model (Morr, 2005, p.147).

Strategy paves the way showing decisions that are going to be effect long term performance and policy. In this sense, strategy is under the internal and external conditions regularly vision updating. Also strategy, to achieve the high level and the most productive organizational performance, is the fullest extent of decisions and policies that their responsibilities are taken by managers (Barca and Ozcan, 2012).

Within that period, strategic management, which is going to be applied, permanently provides the arrangement of three different points which are undertaken by upper layer managers, related and shows continuity. Those are top management values, environment, and sources. Strategic management especially emphasizes the necessity of making use of and following environmental opportunities carefully and examining opportunities and threats that arise from powerful and weak points of organization (Bayraktaroğlu, 2002, pp.49-50).

2.5. The Relationship between Strategy and Business Culture

There are so many definitions of strategy. For example, it is for finding a way to win and search for new rules of the game; it is manner of action which tries to make aims of the business real in fierce competitive environment; it enlightens confusion that occurs among different functions of the business and finally, it is the fullest extent of selective decisions which determine general regulation features (Güçlü, 2003, p.66).

Strategic management means the change and change have to correspond with business culture. If the necessary support is not provided during the transfer from old to new, the power of the business culture checkmates the change. Culture is the power which connects the business. Before the change started by top management expands the business, it is filtered by cultural elements. No permeable culture blocks all changes and causes to tension in the business. And this causes energy loss and feeling some bad things.

Organizational strategies which are compatible with business culture help to develop an understanding with some principles such as developing long termed forward policies, being powerful, unite forces, providing aim and tool suitability, the realization of efficient usage of powers, being flexible and cautious. Management strategies are intended to being alert on the economically and social and administratively in a competitive environment and businesses comply with the environment by observing (Bircan, 2002, p.14).

In operations, the correlation between strategy and culture of organization are made real be the mission that is a broader concept than strategy. In a powerful mission, culture and strategy have to mesh together. Otherwise, power and effectiveness of mission may decrease (Karaman, 2005, p.43). Businesses which specify their missions and effectively support their missions with their organizational culture and strategies and they become more successful than their opponents.

In management literature, researchers about strategy generally concentrate on strategy and its content. The content of the strategy concentrates on how the businesses compete in which markets. Strategy process is about applied steps and mechanisms while the strategy is defined (Arslan, 2001(a), p.42).

In that manner, identified organization strategies provide adaptability to environment and accordingly long termed viability. Before anything else, it enables evaluating the environment and guessing the future. These strategies give a self-assessment chance to the business. They organize stability and tending to the common goal as a whole. These strategies refer to organizational actions to a specific direction and present a form for the rules and consequently they improve the quality of the management (Ayrícın and Dinçer, 1998, p.27-30).

It is possible with self-abilities, intellectual capital and organizational culture of the businesses to be able to successful in strategic management level. While organizational culture means key values, standards, norms, beliefs and understandings shared by business members, strategic management requires differentiation, a division of labor and specialization. However, if because of their positions divergent department and people tend to a common purpose; this situation makes accord and coordination more difficult. It is possible to manage according to strategic aims with delegation within the frame of different people’s superior-subordinate relationships in terms of education, culture and mentality (Ballhoglu, 2012).

Nowadays, effective management of intellectual capital takes the form of imposing a related duty to people, delegate to people. This harmony is provided with managers’ delegation to their assets and co-workers (Rodoplu, 2002, p.256). Businesses which can provide these characteristics have accelerated and provided optimization in their executive process.

Nowadays, all businesses consider the quality, productivity, effectiveness and performance as their basic targets for their goods and services. To be able to achieve this, they adopt new understandings and put them into practice.
3. Conclusion

As discussed in the study in a detailed way, a new management concept called strategic management has emerged throughout the world in the recent 20 years, and it has made enormous strides. According to this new paradigm, the success of the organizations originates from the strategic approach towards the management (Barca, 2002(b), p.9). Organizations which base upon the strategic management throughout the whole process can make logical decisions, and, in this way, they can gain an advantage in a fierce competition environment.

Strategic management and similar methods, which have been recently developed especially within the private sector, have begun to be applied by the enterprises in the public sector over time. Strategic management is probably the most important of all. As we dealt with in our study in detail, organizations aim to create a vision by developing long-term strategies with the strategic management concept. Therefore, deciding how to implement strategic plans best and requirements to achieve the goals is the subject of the strategic management.

By determining a strategy, organizations also determine a way in accordance with the change in the evolution era, and they also decide new goals within this way. Having examined in this regard, organizations which do not have any strategy cannot be sure of their future because their future is not preplanned and stays unclear. In such a case, it will naturally result in failure.

Organizations without a strategy cannot use their resources effectively and efficiently because they cannot make a strategic analysis that will enable an effective use of financial and human resources. Strategic management provides the organization an opportunity to make a strategic analysis because it contains adaptation, intuition, and creating change both in the organization and in the environment. Strategic management not only enables organizations to effectively compete in a competitive environment but it also helps them make sense of the future.

The aim of strategic management is to enable the adaptation of organizations to environmental conditions that gradually gain more variable features. The target of strategic management is to think organizations with the variables and to make the administrative decisions the potential environmental changes. The important thing within the strategic management is not repeating the successes in the past but coping with unexpected situations and environmental problems (Güçlü, 2003, p.82). When these are provided, organizations can gain institutional stability in obtaining future-oriented success.

The key term of the strategic management is the future. This may not be a visible and known future. Strategic management is used to look at and plan the future. Then, organizations set their way in an invisible and unknown future. The second key concept is the environment. Organizations get their resources from the environment and give them back to the environment after having the resources go through a process. The environment gives us clues about how organizations have formed themselves (Özgür, 2004, p.211). That is why environmental analyzes have such a great importance in the strategic management process.

Strategic management has five fundamental processes, which we have discussed in detail in this study. The way of the organization is determined throughout these processes, and mission, vision, management philosophy, values, senior managers, and current goals of the organization are analyzed. It is important in terms of knowing the situation of the executives. The aim here is to shape the future by achieving the goals determined for the organization.

Within subsequent internal and external analyzes, opportunities and challenges, as well as the strengths and weaknesses of the organization, are examined. Factors affecting the future of organizations are named as strategic factors, and they are determined through SWOT analysis. After this process, the choice of strategies, collaboration, work and functions are evaluated within the strategic formulation. For this aim, the senior staff makes some strategic choices about directing the goals set in the organization by analyzing strategic factors.

During the strategic management process in an organization, such cases as leadership, structure, control systems, and human resources are the main focus as well as the techniques used by managers in implementing the defined strategy. Also, some other issues are the concern of this process such as the implementation of strategies, and the leadership style which is consistent with the strategies, organizational structure, information and control systems, and human resources management (Bayraktaroğlu, 2002, p.49-50). A proper organizational structure should be designed and become functional in order for a strategy to be successful within this process because in today’s world what enables you to win is not designing a perfect structure but having a better structure than of your opponents (Efil, 1999, p.295). It is the strategic management which enables organizations to get an edge on their opponents within this process.

On the other hand, this concept has come into use in the public sector very recently. Strategic thinking and planning implementations and patterns that are considered to capitalize the management of profit-oriented organizations in the private sector have started to play a role in the unique structure and service requirements of the public sector within the recent worldwide approach of public management and public services (Aşgın,
2006, p.7). However, most of the problems occur in the public sector within strategic management and planning processes since it is very really hard to be in a harmony with the core of the system. The essential control criterion is the profit for organizations. There is not such significant or valid criterion for public enterprises because they do not seek profit. The most obvious criterion is the amount of service for them. Supervision of the service quality and cost is not seen as more important than the amount of it.

Each one of the new market opportunities in the organizations supports the new production and rapidly rearranges the operation budget and human resources according to the recent developments. There is little room for flexibility in public enterprises in terms of budget and human resources. More importantly, undertaking a new service is not usually seen as an opportunity, but a problem.

Survival of organizations depends on the continuation of the staff to work, adapting to the market competition and making the profit. Human resource policies of public organizations are independent of how much an organization produces or works. Assurance system is not suitable for making a distinction between the employees who works hard and the ones who works little, dismissing, rewarding and punishing effectively. Therefore, public organizations are not formed with the optimal scales and by evaluations according to business administration techniques. Instead, they are generally established with political decisions. In addition, politics has an important impact on the distribution of the budget, staff, and equipment. Most of the time, we do not see rational and optimal serving and organizing within public institutions.

Additionally, public enterprises are open to social and political impacts. Employees working for these enterprises care more about such issues as not getting complaints, not taking legal or financial responsibility, and preserving the place of duty and position than the requirements of service.

On the other hand, the use of inappropriate methods in the appointment of senior staff negatively affects the management although strategic management requires professionalism, training, and experience. Accordingly, there are some obstacles in public administration in terms of actualizing issues concerning implementation and the outcomes of strategic management including participation, citizen-centered administration, openness, and accountability. These obstacles are listed as follows:

The over-centralized structure of the public administration causes difficulties in planning and in the delegation to subordinates for sourcing resource use.

The presence of the bureaucratic culture, which aims at protecting its own social, income and status interests before the needs of citizens, and which sees the change and innovations as a threat for status quo, is one of the most important obstacles.

There is an obligation that decisions should be taken in favor of the survival of the nation and the state, in case of high order national policies such as security, and national and monistic state require a political, social and cultural structure, and a union of these elements.

There is no willingness to participate and to share responsibility within the citizenship culture, aiming at getting a larger share of public resources and seeing the state as a “father” as it is more meaningful to its interests (Güner, 2004, p. 52). Thus, strategic management helps the struggle against these problems.

It is very hard to successfully implement strategic management and planning in public enterprises as they are in the private sector. As it can be seen throughout our study, the benefits of strategic management and planning cannot be denied both in public and private organizations.

Consequently, all types of organizations, particularly public ones, should make a great effort to establish and implement the strategic management system, as well as training and motivating their employees in this regard. A totalitarian willpower which is set in establishing and implementing the system will enable to easily overcome the problems listed above.

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