International Journal of Research in Humanities and Social Studies
Volume 8, Issue 1, 2021, PP 26-35 | ISSN 2694-6296
DOI: https://doi.org/10.22259/2694-6296.0801004

A Critical Analysis on Strategic Management

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ABSTRACT

Strategic management creates the map of an organization. It provides a framework to ensure that decisions about the future are systematic and purposeful. Strategy acts as a hedge against uncertainty and acts as a hedge against unpredicted advancements in the business world. It provides reference materials for investment decisions. It further helps companies to focus and channel their resources on core areas where potentials are mostly spotted and envisioned to be significantly profitable and important. It helps to develop, examine and better the processes, intelligence, functional management, ethics, values and standards of the company which are all relevantly required for this purpose and aim of achieving a company's aspiration.

The process of setting up a strategy may sometimes or basically consist of main steps. However, when these steps are not performed in strict order, they may not be easily followed in a very reasonable manner. The aim of a goal is to highlight the state of an envisioned accomplishment, while the strategy focuses on the process of reaching and actualizing it. Strategies include both the fixing of goals and the medium or approach employed and used towards the realizations of the company's goals. Strategy formulation is, therefore, a broader term for believing in the resource placement and exploration approach to achieve a company's goal.

This paper will analytically examine and discuss the process of establishing a strategy that embraces and recognizes organizational management policies and schools of strategy and the various types of strategy. It would conclude by explaining strategic analysis.

Keywords: *Accomplishments, Evaluations, Missions, Objectives, Implementations, Organizational Visions, Organizational Intelligence, Strategic management, Strategic Decisions.*

INTRODUCTION

LITERATURE REVIEW

Strategic management or planning as it may sometimes be referred to; is the process of choosing the most appropriate course of action in order to achieve an organization's goals and objectives and to achieve an organization's vision. Strategic management has had a long history from ancient times with its basis founded chiefly in the development of business empires, business brands and marketing. Through time strategic management has gradually developed remarkably in an integrated discipline in the province of management. Its advancement to growth has been influenced by many elements.

Notably, there has been a increased rise in the range of subjects that analyses strategic management as the "best practice" that expands the concepts of internationalization, cooperation between companies , strategies and vying in the labor market for products and elements, strategic partnership and the relationship between a company's strategy and its corporate social duties.

Consequently, there has been tremendous rise in the range of experimental systems used, with these becoming constantly refined .Thorough case studies have been immensely, exchanged with the use of quantitative tools based on composite quantitative analysis, multilevel analysis and more recently hybrid methodologies, whereby a single study combines quantitative and qualitative techniques with each being adapted to the nature of the problem to be analyzed.

There are seven recognized fundamental elements of the concept of strategic management such as performance, firms, strategic initiatives, environment, internal organization, managers/owners and resources. Helms, et, al (2010).

STRATEGIC MANAGEMENT

Pragmatically, the educational area interested in strategic analysis has been advancing consistently not just in the aspect of the number of intellectuals committed to this subject but also their international disposition with their connection among them. Once we take our standard to be the publication of Strategic Management Journal (SMJ), we can view how cooperation has been rising between intellectuals from both an inter-institution as well as an international view. The image below gives a case study of strategic management planning in an organizational setting:

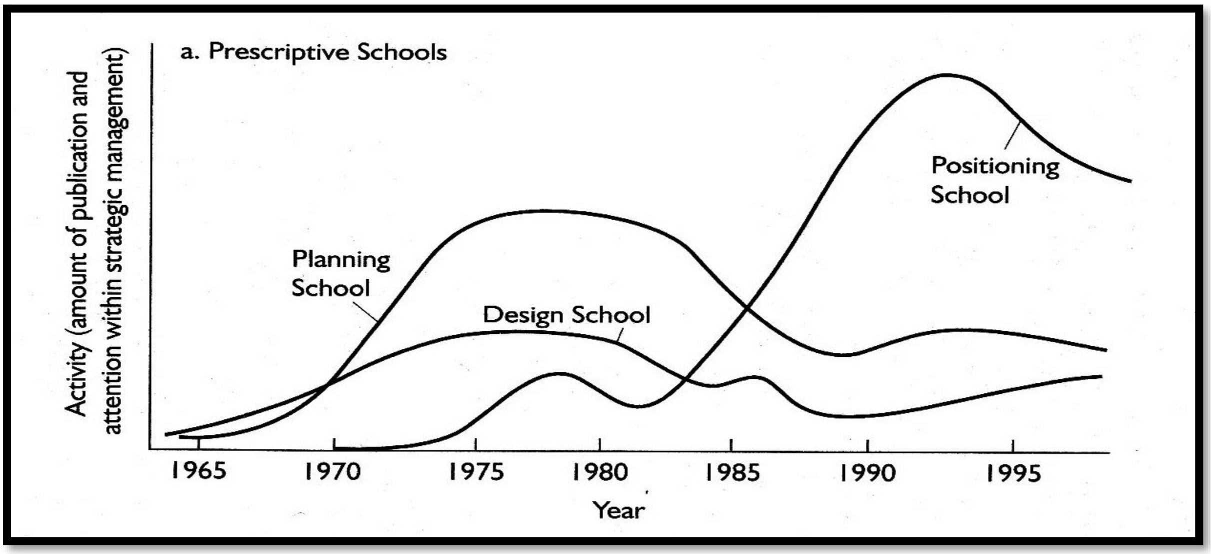
Strategic Planning Process at FSU Testing and Assessment Center (2018 -2022)	
Why or Mission of the Department?	To provide a secured testing environment for students and Faculty
What are the long-lasting results for Testing Center in an attempt to accomplish its mission	To reduce or completely eradicate cheating
How will Testing Center achieve this mission?	By providing constant camera coverage , installing lockdown browsers on all the testing computers and constant monitoring of students during examination
When will this be implemented?	Immediately without delay

WHAT IS STRATEGY?

The word "strategy" is originated from the Greek term **stratçgos**; **stratus** (connoting army) and **ago** (meaning leading/moving).Strategy is process that Leaders apply to achieve one or more of the organization's objectives. It also means a conventional guideline laid out for the organization and its several compartments to acquire a desired state in the future. Strategy comprises of integrating organizational events, using and distributing the scanty assets within the organizational setting to acquire the topical aims. When planning a strategy it is paramount to take into consideration that decisions are not taken in void and that any action embarked upon by a company is probably going to be met by a reaction from those affected, competitors, customers, employees or suppliers.

SCHOOLS OF STRATEGY

The schools of strategy are categorized as the three prescriptive schools, which are "the design school, the planning school, and the positioning school .These three schools are noted, been deep-rooted and have conditional factors of strategic advancement for each organization. Aithal, P. S. (2016).



Sources: *Aithal, P. S. (2016).Essay: Philosophizing on strategic management models.*

The graph above shows the systematic flow of the prescriptive schools with the start of the planning school which gives birth to the design school for positioning school to exist.

THE PLANNING SCHOOL

The thinking process of the planning school is geared towards planning the overall strategy in a methodical fashion, so that the company is able to move forward. The entire process and the plan which the company will execute is detailed from the beginning to the end (completion stage). The plan is frequently introduced any time the leadership wants to take a different decision. The availability of the plan presents the leader with an explicit guideline to proceed in assisting the organization to forge ahead without exceptions. The draw back with this school of strategy is when any event happens out of plan. If after planning, and any new competitor surfaces or any external business variable is altered, then the overall plan gets impacted. This means appropriate forecast is very important when utilizing the planning school of strategy.

Positioning School

The **positioning school** centers on the content of strategy and recommends the utilization of analytical structure for strategic resolution. Strategies are collective, recognizable conditions in a competitive labor market. In this school, the organization can develop its strategic placement within the company. The positioning model views the company's place in the economic market and decides whose aims is to distinguish the organization from others in the same field. Aithal, P. S. (2016).The question of "what makes companies productive" was tried to be answered in many fashions yielding to various structures that may direct leaders in strategic analysis of markets and companies. This school has been implemented in various companies like Tesco to assist them to positioning themselves in the labor market that they will locate out amongst the others, and how to achieve larger dividend than other companies via market placement.

The positioning school also implies that business demands familiarize with the firm's condition in which they function.

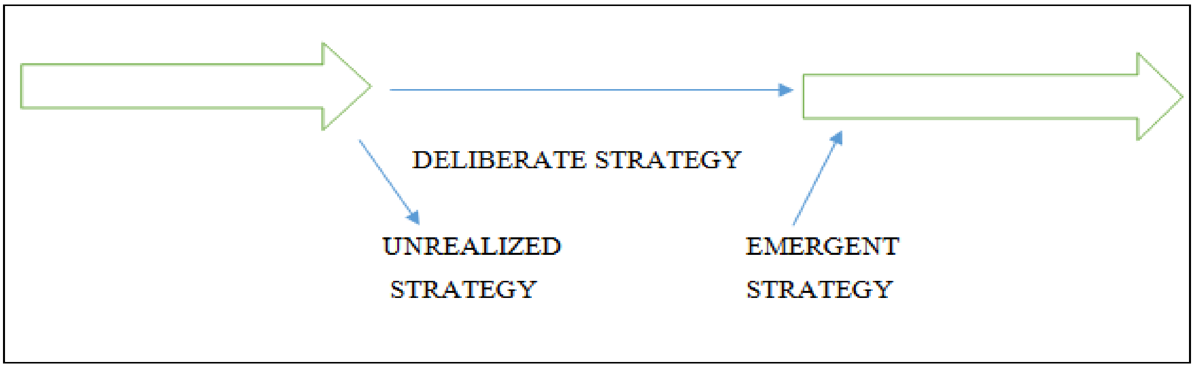
The Design School

The design school focuses on the invention of notions and designing the novel notions. This school has been very prestigious in the establishment of business plans as can be viewed as the prototype of the positioning school. The design school suggests a model of strategic creation that desires to obtain a standard between internal potentiality and external probability. Strategic development is an intentional process of responsive hypothesis. The Chief Executive Officer is the chief strategist who designs the strategy and directs its application or implementation. The process of strategic development should remain easy and conventional. The strategy design model is finalized once a strategy is developed. Strategies can only be executed once they are completely developed. The design school set the bedrock for strategic planning in companies as follows by:

- Expounds strategy development as a planned, reactive process
- Affirming the need for both external and internal analysis
- Distinguishing between strategy development and application.

The design school is in support of the creation of the Strength, Weaknesses Opportunities Threats (SWOT) model. In the SWOT model, the strengths and weaknesses of a company are portrayed, along with the possibilities and threats in the marketplace. Hence, the SWOT analysis is one of the chief vital factors of the design school. The strategy of a company is designed through the analysis of its internal strengths and weknesses that describes the company's original qualities.

Types of Strategy



Source: *Aithal, P. S. (2016).Strategic management journal,*

According to Aithal, P. S. there are different kinds of strategies. They are: Deliberate Strategy, Emergent Strategy, planned intended strategy, Imposed Strategy, Opportunistic Strategy and Realized and unrealized strategy. These strategies are discussed as follows:

Deliberate strategy is a top down approach to strategic formulation that highlights intention.

This is rooted on the vision and mission of the organization and is centered on acquiring these sence of embarking on business. Deliberate strategy strives to reduce external forces acting on business activities. However, the external factors can change seriously while such changes are hard to foresee ahead of time.

Therefore, the company should engage in a proper evaluation of the political, economic, social and technological areas in order to comprehend the feasible oppositions they may encounter in achieving the business aims. Conversely, beneficial market situations by itself will not assist the company to acquire a competitive advantage because internal capacity and capability are also very relevant. The dedication of the top leadership is paramount for executing a deliberate strategy and they must carry the motivation. Conformity to objectives should be acquired where all the worker are to work for accomplishing the strategy. This can be achieved by effectively communicating the business objectives to them and inspiring them. Workers must deliberate and ponder on actions for the benefit of realizing the objectives of the organization.

Emergent strategy is the process of discovering unpredictable results from the implementation of strategy and thereafter learning to integrate those unanticipated results into subsequent corporate plans by taking a bottom up approach to management. Emergent strategy is equally referred to as **'realized strategy'**. Aithal, P. S. argued that the business area is consistently undergoing transition and businesses need to be resilient in order to be enriched by several possibilities. The invariability of process stresses that companies must prevail to progress with the planned (deliberate) strategy regardless of the environmental transitions. However, political transitions, technological growths and many other elements affect businesses in several aspects. These transitional processes sometimes will cause the deliberate strategy execution to be impossible. Therefore, most business planners and experts choose emergent strategy over deliberate strategy because of its resilient tendencies. In totality, they see emergent strategy as a means of learning while in operation.

Intended strategy is the strategy that an organization aspires to perform. These strategies are regularly explained in full details as included in an organization's strategic plan. When a strategic plan is formulated for a new enterprise, it is referred to as a business plan. In 1965, Frederick Smith had to complete a business deal for a chosen company as a class activity.

His plan explained a delivery system that would acquire proficiency by routing packages via a central hub and then transfer them to their destinations. Some years after, Smith began Federal Express (FedEx), a company whose strategy tightly emulated the plan set out in his class project. Currently, Frederick Smith's personal resources has exceeded $2 billion, and FedEx ranks eighth among the world's most recognized Companies in accordance with Fortune magazine.

A realized strategy is the strategy that an organization truly sticks to. Realized strategies are a result of a company's intended strategy. In other words, it is what the company planned for, which is the company's deliberate strategy for the parts of the intended strategy that the firm continues to follow over a period of time and its emergent strategy which is what the firm does in reaction to unforeseen possibilities and oppositions. In the case of FedEx, the intended strategy designed by its originator several years ago, that is express package delivery through a centralized hub stays as a main force of the company's realized strategy. For Southern Bloomers Manufacturing Company, realized strategy has been well structured by both its intended and emergent strategies, which focuses on underwear and gun-cleaning patches.

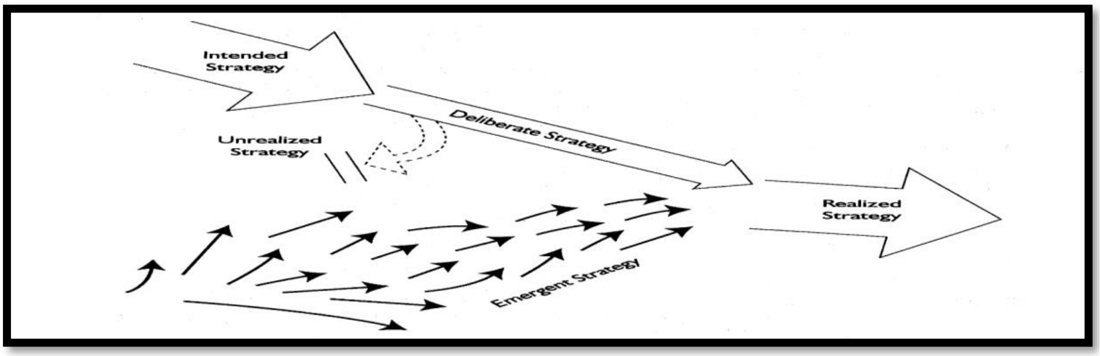
A Non-Realized strategy is the neglected aspects of the intended strategy. A case example of non-realized Strategy is when a brand new company is faced with challenges of making customers, and then resorts to offering free items in order to get customers. New banks are well known for adopting this method.

Imposed strategy is a model that is imposed or forced on a company manager regardless of the fact that the Manager has no interest in the model. The decision to implement this strategy is from external source and imposed on the company or organization. This implies that the environment can right away impose the organization into a design in its flow of actions irrespective of what the principal authority does.

An explicit scenario is when an external group or individual with influential control over the organization forces a strategy on the organization.

For instance, the Governor of XYZ State forces XYZ University to implement open book exams for all their students due to new policy implementations. The strategy will be explicitly deliberate but not the decision of any one in XYZ University. In the light of been unable to counter the decision, the University will have to implement the given strategy and therefore appearing deliberate for the University.

Actually, the organizations will have to trade-off between determinism and independence. Environment rarely forestall all decisions and rarely do the environment often offer endless decisions. That is the reason why very purposeful strategies are likely as infrequent as completely designed one. As reflected in the image below, the environment sets boundaries for what the organization can perform, in this illustration; it is certain that under this part of the umbrella the organization can possibly set off.



Source: *Aithal, P. S. (2016).*

As most real world strategies have some umbrella strategy characteristics, so does the environment set boundaries for most organization. All the strategies mentioned are gotten in part at the minimum from the wish of members within the organization. The environment has been reflected on, if not agreeable, then at minimum cooperative.

Opportunistic Strategy desires to obtain interest opportunistically from foundational subject matters, in proficiencies and displacements in the financial markets at a macro, market sector, stock specific, factor, or even exchange level. Subject to their view about the foundational subject matters controlling the market or their market sector, opportunistic endowment may go remarkably long or short for the market completely by making course plotting in their returns.

What is Strategic Analysis?

Analysis is defined as an examination of the internal and external components of a business. It explicitly recognizes a business's competences, clients, prospective clients and business areas, and their effect on the company. Strategic analysis is a procedure that includes examining an organization's business area in which it operates within. In all organizations, this procedure is significant for creating strategic preparation for choice making and effective operations within the organization. Organizations are able to achieve their aims and targets through the help of Strategic planning. Companies in their endeavor to progress, they regularly carry out a strategic analysis, which helps them to ascertain aspects that are needed for growth as well as aspect that are flourishing. The thought of executing beneficial changes should always be in the mind of organizational leaders if they wish to operate proficiently.

Every firm or company must have a vision and missions laid out for the company hence the essence of strategic analysis. Notable organizations popularly recognized for their accomplishments have many years of strategic planning being implemented at several phases. Strategic design is a prolonged venture including ceaseless and organized planning and schemed backing. The foremost question that a company should determine when discharging a strategic analysis is: How is the market established? Who are the active customers in this section? In masterminding strategic analysis, organizations are required to know their competitors and therefore be able to come up with a strategy that will assist them to become outstanding in that market place. One of the most significant justifications of strategic planning is to foresee subsequent activities and conclude with back up strategies in the event that a particular plan does not function as anticipated. Additionally, strategic analysis can also be explained from the following aspects:

Internal strategic analysis: Through this analysis, organizations look inside or within the organization and pinpoint the good and bad points, and then formulate the set of measures that can be utilized to enhance the company's reputation within the market. Internal analysis begins from examining the operations of the organization. This includes evaluating the potentials of an organization and its capacity to grow.

Examining the potentials of a company should be aligned to the market with concentration on the customers. The potentials only appears rational when they assist the company to accomplish their customers' desire. In conducting, an internal strategic analysis it is equally vital to identify the shortcomings that a company is likely going to face hereafter.

The company conducts an internal analysis with the assistance of SWOT analysis with the attempt to align its internal strength with the market strength that is needed. This action functions steadily well in aspects where competitors may not disturb the market instantly but allow ample time for acceptance. However, it is worth noting that performing an internal analysis in a company lies on the company's knowledge of its structure and mode of operations. In other words, merging the company's internal strength to the external market entails external market awareness.

External Strategic analysis connotes evaluating the industrial aspect of the company consisting of components such as competitive framework, competitive placement, innovations and foundations. From a macro measurement, external analysis comprises macro-economic, global, political, social, demographic, and technological examination. The main essence of external analysis is to ascertain the possibilities of risks in a company or any section that will impel financial gains and development.

The external analysis approach assists individual to maintain high positions with the organization that can affect the organization. By engaging in external analysis, a company can design and execute events and choices that enhances the progress of the company there by becoming competitive in nature. This analysis reviews the possibilities and risks inherent in an organizational segment.

The possibilities as well as the risks are unrelated in organization. Possibilities are beneficial states in an organization that can provide incentives if used effectively, while risks are obstacles presented to an organization that stops them from achieving their intended goals.

SWOT ANALYSIS

SWOT Analysis is an approach established at Stanford in the 1970s, often used in strategic planning. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats and is a framework of planning system that examines those four components of an organization, events or business expeditions. The SWOT analysis approach is an easy one, but effective process for increasing the organization's abilities, revamping inabilities, reducing perils and utilizing most substantial viable edge of good times.

SWOT analysis is an approach where the managerial team recognizes the internal and external components that will affect the organization's accomplishment hereafter. This means company managers are able to know of what is occurring internally and externally, so that they can prepare and control their business activities in the most proficient fashion. SWOT analysis is one of the most widely known approach for internal strategic analysis. There is no other effective method of gaining from a strategically executed analysis than to utilize it to find the strengths, opportunities, weaknesses, and threats that a business venture may experience. Implementation will assist in establishing a solid and long –lasting creativity plan via strategic designing for an organization. It is very vital to continually examine the aspect in which the organization operates, and perform appropriately. Any organization that desires to plan well must consider the SWOT analysis approach. As this will help, companies or firms to avoid issues that can occur in the absence of methodical analysis.

SWOT ANALYSIS –QUESTIONNAIRES

INTERNAL FACTORS	
Strengths	**Weaknesses**
What do you excellently do well than others? What makes you outstanding? What valuable business input could you offer that others cannot? What do members of your organization see as your strengths or potentials?	What can you do to bring advancement? What practice needs to the stopped? What are the things customers may see as weaknesses?

Opportunities	Threats
Are there needs from people? Do people have desire for something else? Are there changes in modern technology? Are there changes in governmental rules?	What changes are been encountered? What are your current competitors doing? Is the change in modern technology posing an issue? Are there financial issues?
EXTERNAL FACTORS	

Source: *Helms, M. M., & Nixon, J. (2010).*

The chart below shows the SWOT Analysis in a Bicycle store:

SWOT Analysis: Illustrative example.	
Goal: TO RAISE TRANSACTION OF BICYCLE IN A NEW INDUSTRY	
<u>Internal Factors</u>	
Strengths (+)	**Weakness (-)**
1. Constant standard:	**1.**Shortage of finance:
Constantly market bicycle with durable parts	the need for loan initially
2. Marketable bicycles:	**2.** Pending fame:
Sell high rate of safe bicycles	yet to acquire an outstanding position
3. Experience:	
Merging of business and safety experience	
<u>External Factors</u>	
Opportunities (+)	**Threats (-)**
1. Buyers' reliability:	1.Recession: Economic
Buyers are seeking continuous partnership	Downturn in business
2. Business Growth:	2.Weather: A threat to business during winter
Trade for addition is big and advancing business	3.Too many bicycle stores in the same area

Source: *Helms, M. M., & Nixon, J. (2010).*

THE PEST ANALYSIS

The PEST Analysis is a helpful technique used for comprehending market development or fall as well as the placement, competencies and guidelines for a business. PEST stands for Political, Economic, Social and Technological factors that are utilized in examining the market for a business or organizational section.

The PEST analysis directs companies to recognize useful strategies for laying precedence, distributing assets, planning for events, establishing goals and creating management procedures. Implementing PEST analysis helps companies to recognize possible advantages and perils connected with the company's' plans and finds means to use valuable opportunities and avoid perils.

Example of a PEST Analysis

POLITICAL	ECONOMIC	SOCIAL	TECHNOLOGICAL
• Political stability. • Tax Law • Employment Law. • Trade cutbacks and levies. • Wars and conflicts. • Ecological problems. • Home trade. • Foreign force teams.	• The condition of the economy. • Dividend levels. • Exchange levels. • Inflation level. • Common taxation problems. • Foreign economies and drifts. • Weather problems. • Home economy problems.	• Societal roles of women and men. • Division of wealth in the society. • Population advancement level. • Cultural problems. • Religious problems. • Users' personality and views. • Statistical Data.	• Level of technological transitions. • Automatic methods. • Ideas or products. • Current Technological growth. • Intellectual Property problems. • Technological legislation.

Source: Aithal, P. S. (2016). Case study on ABCD analysis procedures for business plans, business strategies, operating concepts & business systems. International Journal in Management and Social Science,

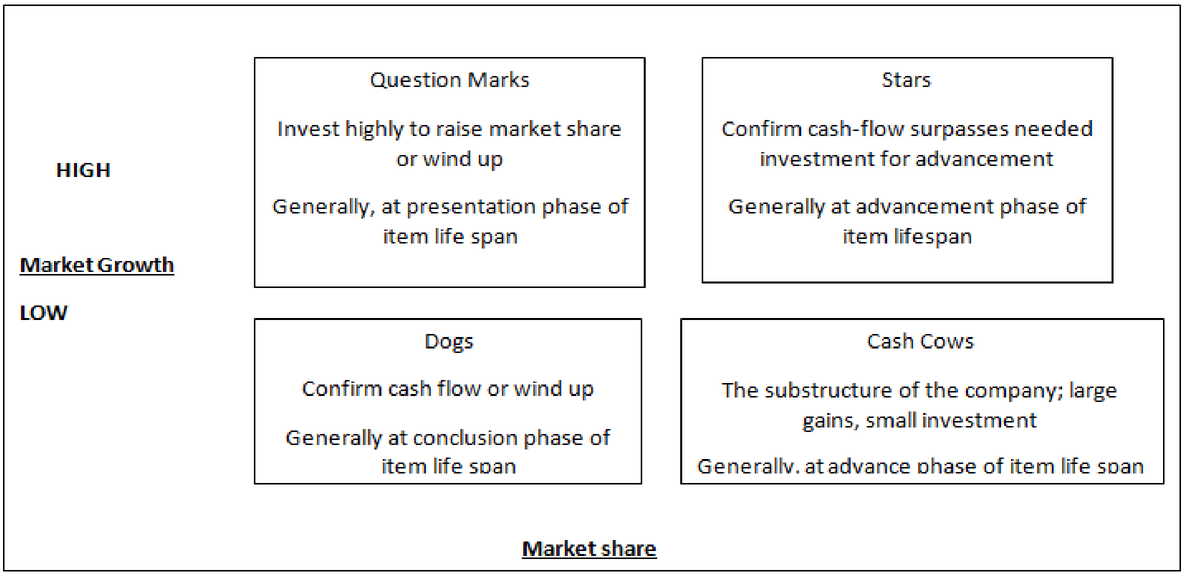
The PEST acronym also comprises legal and environmental factors called PESTLE analysis. See PESTLE Analysis outlines below:

PESTLE Analysis		
P	Political	The recent and possible impact from pressures
E	Economic	The state , federal and global economic impact
S	Sociological	The outcomes of changes in the society
T	Technological	The outcomes of recent and advancing technology
L	Legal	The outcomes of federal and global legislation
E	Environmental	The state,federal and global environmental problems

Source: *Aithal, P. S. (2016).*

BCG MATRIX

BCG matrix is a system established by Boston Consulting Group to assess the strategic placement of the business trademark investments and its capabilities. This system categorized investments into four groups constructed on the developmental level of the trade and competitive condition . The common essence of this analysis is to enhance understanding on which trademark the company should expend money on and which one to take off.



Source: Mohajan, H. (2017). An analysis on BCG Growth sharing matrix.

BCG matrix system is formulated to assist with long-lasting strategic designs, to assist a business owner decide developmental possibilities by evaluating its investment of items to determine whether to continue with investment , stop the investment or initiate improvements. This is referred to as Growth/Share Matrix.

An excellent instance for describing BCG matrix could be the BCG matrix of PepsiCo. , Cash Cows – With a market share of 58.8% in the US, Frito Lay is the largest source of income for PepsiCo. Star- although Pepsi's share in the market has decreased to 8.4%, it is still the big shot for PepsiCo because of its fair type.

This presentation or chart below as drafted for the essence of helping companies examines their diverse business sections or items:

BCG Matrix analysis assist companies with distributing assets where they are highly adequate as well as to utilize the outcomes in trademark marketing, item management, strategic management, and investment evaluation.

The chart is a tabular planning aid, where the company’s goods and services can be arranged to assist in establishing principal business choices. These choices consist of whether to retain a certain business section, auction it or to expend more in it. The BCG matrix approach helps append input to the choice making process but does not take into consideration all feasible components that a company may encounter.

The approach is not prognostic and does not take into consideration any recent or unfamiliar goods that may arrive and alter the market condition nor does it consider the moves in buyers demand. The BCG matrix is usually helpful to companies when implemented by utilizing the following common procedures:

- Select the Unit- Strategic transaction sections, independent brands, goods or the entire corporation are all aspects that can be examined by utilizing the BCG matrix approach. The selected unit encourages the total analysis and main classification. The market, business, competitors and placements will all be rooted on the selected unit.
- Classify the business- Preceding the selection of unit or section to be examined, the key relevant phase for the remainder of the matrix is the classification of the business. A mistakenly classified business will result in wrong classification of the unit. A Honda car examined in a rider's motor market will be a dog with a little market share. However, when examined in a high-class motor market, it will be a source of income (Cash Cow).
- Sum up comparative market allotment- In this phase, the comparative market allotment for the selected unit requires adding up. This can be conducted in revenues by the market allotment or revenues of the largest competitor in the market place.
- Sum up market advancement level- Electronic business details can be used to realize the level of advancement for the business. If this is considered infeasible, then it can be roughly calculated by viewing the average revenue advancement of the outstanding businesses in the market place. This estimation is a quota equally arranged on market growth.
- Sketch circles on the Matrix- Once all the estimations are summed up, they can be placed on the matrix. This can be conducted by sketching a circle for each product type within a unit, or all the product types in a company. The proportions of each circle should equate with business revenue realized by the product type.

Conclusion and Recommendation

This research study was based on various cases and it, therefore, was considered exploratory. In these kind of case studies, the context were very important and even in similar situations, certain context parameters were influenced and affected the applicability of the results. More research can be done to validate the propositions in the different environments or to generalize the results as an alternative to a wide range of contexts to determine the contextual implications. It is interesting, for example, to study the pace at which other top executives go through the various stages of group development and determine their progress through the steps. Although this study was not primarily focused on top management, future studies can consider other organizational perspectives in the strategic process. Technically, this study only looked at the strategy management process due to the limited time that could be assigned to the study. However, it is clear that the implementation of the strategy in the strategic renewal process was quite as important as its application. So more research can study how the implementation is affected by the application.

Strategic management variables have been shown to have an impact on the relationship between firm performance and strategic components measured on a non-financial (market and customer basis) basis. Generally speaking, the impact of strategy management variables on the relationship between strategy components and educational institutions' performance as measured by clients-based measures is greater than the impact of measurement factors between marketing strategy components and insurers.

This is proven when these variables systematically change all the relationships between strategy components and company performance. The relationship between strategy components and company performance is measured by financial and market performance criteria. This study found that strategic execution variables have a strategic impact on most corporate performance. Especially because it affects the terms of the deal with the customer. Customer Satisfaction and Strategy Implementation variables have a rationale that relates to activities that deal with the service delivery of good and content on an every day-to-day basis.

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