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ROLE AND IMPACT OF STRATEGIC MANAGEMENT ON MODERN BUSINESS

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ABSTRACT

Strategy is determination of the basic long- term goals and objectives of an enterprise and the adoption of the course of action and the allocation of resources necessary for carrying out these goals. In management, the concept of strategy is mostly taken in a slightly different from rather than in military form, it is taken more broadly. It is proper to treat strategic management as a process. The logic of management process is that particular functions are performed in a sequence through time the term process refers to an identifiable flow of information through interrelated stages of analysis directed towards the achievement of an objective. The present study is undertaken primarily to understand the role of Strategic Management on modern business.

Keywords: Choice, Intent, Organization, Process, Strategy.

Introduction

All these Questions address different but interrelated aspect of your organization, and all these aspects come together to influence how effective the organization will be in achieving its objectives. Decisions about products, location, structure and senior management appointments are all major decisions. They invariably make an impact on the organization's performance. How these major or strategic decisions are made and how they are implemented can be defined as the process of strategic management.

Strategy is determination of the basic long- term goals and objectives of an enterprise and the adoption of the course of action and the allocation of resources necessary for carrying out these goals. In management, the concept of strategy is mostly taken in a slightly different from rather than in military form, it is taken more broadly. However, even in this form, various experts of the field do not agree about the precise scope of strategy. Therefore strategy is course of action through which an organization relates itself with environment so as achieve its objective. Strategic Innovation is the creation of growth strategies, new product categories, services or business models that change the game and generate significant new value for consumers, customers and the corporation.

It is proper to treat strategic management as a process. The logic of management process is that particular functions are performed in a sequence through time the term process refers to an identifiable flow of information through interrelated stages of analysis directed towards the achievement of an objective. It is a concept of dynamic rather than static existence. Events and relationships are seen as dynamic, continuous, and flexible, and as such, must be considered as a whole; a dynamic interaction both affecting and being affected by many variables. Thus strategic management as a process may involve a number of activities or elements.

Literature Review

Azhar Kazmi (2008) describes that process of strategic management consists of four phases, establishing the strategic intent, formulation of strategies, implementation of strategies and strategic evaluation. There are several elements in the process of strategic management. He identified twenty different elements spread over the four phases of strategic management process. D.D.Bhakkad (2010) Strategic Management is primarily concerned with relating the organization to its environment, formulating, strategies to adapt to that environment and assuring that implementation of strategies takes place.

Objectives of the study

The present study is undertaken primarily to understand the role of Strategic Management on modern business. The board objective, describe the necessity of the study.

- To define the impact of Strategic Management.
- To find facilities of Strategic Management in Modern Business Development.
- To describe to scope of Strategic Management.
- To identify relations between Strategies and Business.
- To define concept of Strategic Process in modern business.

Research Methodology

This research is based on secondary data. The scope of the present study is restricted to analyses the necessity and process of Strategic Management. The secondary data has been collected from internet and books.

Analysis

Strategy is one of the oldest and most subtle of concepts. Throughout history, strategy has been applied in war and politics. Our purpose in making a concise but cautious inquiry into the roots of the concept is twofold i.e. identify certain key concepts common to all strategies and achieve a broad perspective on the concept in its application to business competition.

Business strategy is a management concept in that is affords a fundamental method for solving complex problems. Strategy making is an attitude and a dedication that evolves around the intelligent and deliberate contemplation of the present and future, the Economical use of resources, and development of means for achieving objectives. It should not be abstract, mechanistic, or totally quantitative because quantitative. Formalistic thinking is no substitute for seasoned human intuition and judgment strategy making demands discipline, creativity, and total management of the process.

Strategic Intent

It lays down the frame work within which organisation would operate, adopt a predetermined direction and attempts to achieve their goals. Hamel defines strategic Intent as On the one hand strategic intent envisions a desired leadership position and established the criterion the organisation will use to chart its progress. At the same time strategic intent is more than simply unfretted ambition. The concept also encompasses an active management process that includes: focusing the organisation attention on the essence of winning, motivating people by communicating the value of target, leaving room for individual and team contribution, sustaining enthusiasm by providing new operational definition as circumstances change and using intent consistently to guide resource allocation.

Process of Strategic Choice

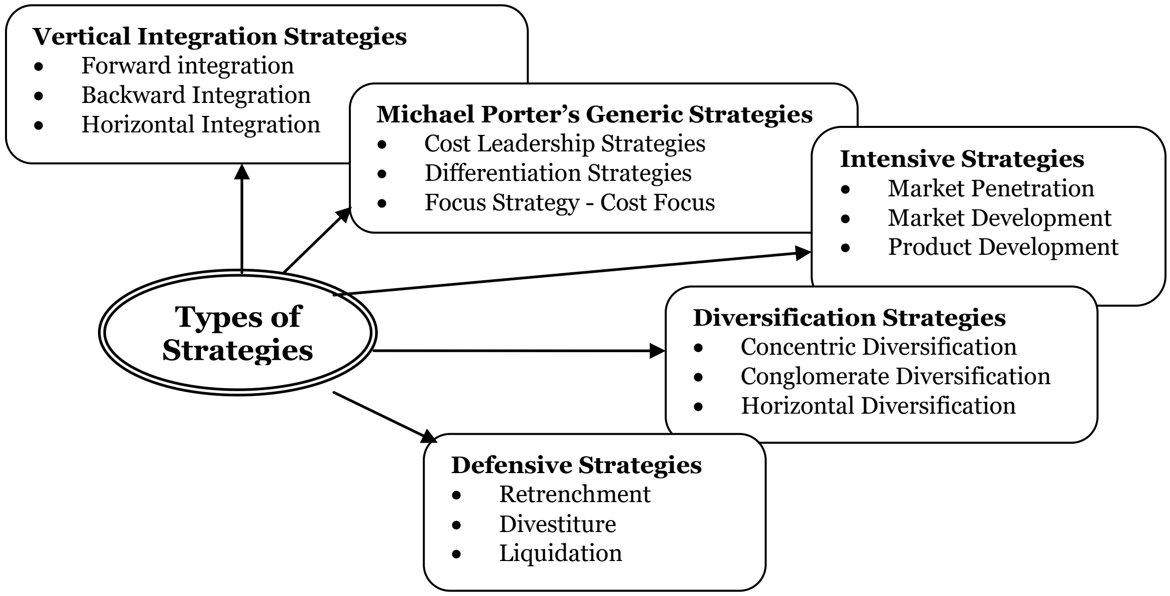
The process of strategic choice is essentially a decision making. The decision making process consists of setting objectives, generating alternatives, choosing one or more alternatives that will help the organisation achieve its objectives in the best possible manner and finally, implementing the chosen alternative. For making a choice from among the alternatives, a decision maker has to set certain criteria on which to accept or reject alternatives. These criteria are the selection factors. They act as guides to decision making and considerably simplify the process of selection which otherwise would be a very difficult task. These four steps in the process of strategic choice are described further.

- **Focusing on strategic alternatives**
- **Analysing the strategic alternatives**
- **Evaluating strategic alternatives**
- **Choosing the strategic alternatives**

Types of Strategies

Alternative strategies that an enterprise could pursue can be categorized into thirteen actions forward integration, backward integration, horizontal integration, market penetration, market development, product development, concentric diversification, conglomerate diversification, horizontal diversification, joint venture, retrenchment, divestiture, and liquidation and a combination strategy. Each alternative strategy has countless variations. For example, market penetration can include adding salespersons, increasing advertising expenditures, coopering, and using similar actions to increase market share in a given geographic area. Types of strategies shown in figure 1.1 as follows.

Figure 1: Types of Strategies



Vertical Integration Strategies: Forward integration, backward integration, and horizontal integration are sometimes collectively referred to as vertical integration strategies. Vertical integration strategies allow a firm to gain control over distributors, suppliers, and/or competitors. Forward integration strategy refers to the transactions between the customers and firm. Similarly, the function for the particular supply which the firm is being intended to involve itself will be called backward integration. When the firm looks that other firm which may be taken over within the area of its own activity is called horizontal integration. The following are the key levels in this regard.

- **Forward integration**
- **Backward Integration**
- **Horizontal Integration**

Michael Porter's Generic Strategies: According to Porter, strategies allow organizations to gain competitive advantage from three different bases: Cost Leadership Strategies, Differentiation Strategies, and Focus Strategies. Porter calls these bases generic strategies. Cost leadership emphasizes producing standardized products at very low per-unit cost for consumers who are price-sensitive. Differentiation is a strategy aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price-insensitive.

Focus means producing products and services that fulfill the needs of small groups of consumers. The following are the key levels in this regard.

- ❖ **Cost Leadership Strategies**
- ❖ **Differentiation Strategies**
- ❖ **Focus Strategy - Cost Focus**

Intensive Strategies: The intensive strategy divided into three categories such as, Market Penetration, Market Development and Product Development. So as they require intensive efforts to improve a firm's competitive position with existing products. The following are the key levels in this regard.

- ❖ **Market Penetration**
- ❖ **Market Development**
- ❖ **Product Development**

Diversification Strategies: There are three general types of diversification strategies: concentric, horizontal, and conglomerate. Over all, diversification strategies are becoming less popular as organizations are finding it more difficult to manage diverse business activities. In the 1960s and 1970s, the trend was to diversify so as not to be dependent on any single industry, but the 1980s saw a general reversal of that thinking. Diversification is now on the retreat. The following are the key levels in this regard.

- ❖ **Concentric Diversification**
- ❖ **Conglomerate Diversification**
- ❖ **Horizontal Diversification**

Defensive Strategies: There are three general types of defensive strategies such as retrenchment, divestiturs and liquidation. The following are the key levels in this regard.

- ❖ **Retrenchment**
- ❖ **Divestiture**
- ❖ **Liquidation**

Conclusion

There is no consensus about the exact concept of strategic management simply because it contains such aspects as policy, strategy and strategic planning which themselves is not precisely defined. However, the concept of strategic management is based on the concept of strategy itself. Strategic Management is the continuous process of relating the organization with its environment by suitable course of action involving strategy formulation and its implementation. Strategic management is relatively recognized that the strategic management process is costly in terms of time invested by the chief executive of the organization. Since the environment of organization is always changing providing new opportunities and threats, top management must spend more and more time on this aspect. Thus there is a considerable change on the emphasis of top management functions in the organization, particularly in large and complex organisations. The change is from operational management to strategic management. There are the major benefits of Strategic management such as proactive in shaping firm's future, initiate and influence actions formulate better strategies, financial benefits and non-financial benefits.

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