STRATEGIC MANAGEMENT IN MODERN ORGANIZATIONAL SYSTEMS

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Received: 12th September 2022
Accepted: 13th September 2022

Review paper

Abstract: *Strategic management as a way to solve future situations and challenges enables modern organizations to anticipate future conditions, adapt to changes in a timely manner and create advantages in relation to other environmental actors that will enable more certain survival and development in the planned direction.*

Key words: *Strategic management, modern organizations, strategic analysis*

1. INTRODUCTION

Strategic management represents a way to solve future situations and challenges and involves defining the goals that the organization wants to achieve and strategies (directions and ways) to achieve those goals. As a scientific discipline and a practical tool, it experienced a special expansion in the 20th century, due to the turbulent environment of global changes and the restriction of the flow of people, goods and information.

2. CONCEPT OF STRATEGIC MANAGEMENT

The word management in our language was adopted from the Anglo-Saxon speaking area and literature. The term itself comes from the English word manage, which means to manage, handle, manage, and was created in the 15th and 16th centuries under the influence of the French word "mesnagement" (Serb. management). At the root of the French term there is a compound consisting of two Latin words - manus (hand) and agere (to act), and it was used to denote actions in dressage and work with horses.

In the context of "business management", the term was first used in 1650, and for "managed economy" in 1933. In our country, the word management came into use in the 90s to denote the management process (which includes planning, organizing, leading and controlling) and the people, management teams, who lead that process.

From a theoretical and practical point of view, management has a threefold function:

- First, management is viewed and defined as the process of managing certain jobs, undertakings or systems in order to achieve common goals more efficiently;

- Second, management can be seen as a special group of people whose job it is to manage the execution of jobs and tasks;

- Third, management is a special scientific discipline, of a multidisciplinary character, which deals with the research of management problems of certain businesses, undertakings and social systems.

Management in the broadest sense should be seen as a special scientific discipline dedicated to researching management problems in various social and business systems.

The word strategy is of military origin, and in theory one can find several meanings - "the science of leading an army", "the art of warfare", "the art of leading a struggle in society, politics". The root of the word strategy is found in the Greek word "strategos" (prefix "stratos" - army, suffix "ago" - to lead), which meant a military leader, but also a high official with civil and military competences. From the initial meaning of leading the army, over time it spread to other spheres of social life within which certain steps in leading and managing processes and organizations had to be devised.

Henry Minzberg (1988) examined the strategic process and concluded that it is much more fluid and unpredictable than previously thought. Mintzberg concludes that there are five types of strategies:

1. Strategy as a plan - a directed course of action to achieve the intended set of goals; similar to the concept of strategic planning;

2. Strategy as a pattern - a consistent pattern of past behavior, with a strategy that is realized over time, not planned or intended. Where the realized pattern differed from the intention, he called the strategy emergent;

3. Strategy as a position - locating brands, products or companies on the market, based on the conceptual framework of consumers or other interested parties; strategy determined primarily by factors outside the organization;

4. Strategy as a trick - a specific maneuver whose goal is to outwit the competitor; and

5. Strategy as a perspective - executing a strategy based on a "theory of business" or a natural extension of the way of thinking or an ideological perspective of the organization.

The meaning of the word strategy in the context of the phrase strategic management indicates the skill applied by top managers, leaders and can most adequately be interpreted as "a set of rules, principles and laws, which are used in making long-term management actions in the function of the system to which it refers" (Куколеча, 1986).

Professor Petar Jovanovic, the term strategic management implies a specialized discipline of management, a continuous process of adapting a company to a changing environment, in which the environment exerts a permanent influence on the company, and the company itself also exerts a certain influence on the environment in which it exists and to which it adapts(Jovanovic, 2007). Stephen Robbins and Mary Coulter believe that strategic management is what managers do to develop organizational strategy. Organizational strategy means decisions and actions that determine the long-term performance of the organization (Jovanovic, 2007). Fred David defines strategic management as the art and science of formulating, implementing and evaluating cross-functional decisions that enable the organization to achieve its goals (David, 2007). Strategic management is often defined as a process related to: (1) renewing the organizational structure and creating the conditions for development and (2) creating management that will ensure the definition of the strategy and the conditions for its implementation (Forca, 2011).

There are numerous definitions of strategic management, different due to the specificity of the area of human activity and the time dimension in which they were formed, but with the same essence that can be comprehensively expressed by the conclusion that strategic management represents a modern approach to managing organizations, and in principle includes the process of determining goals (in accordance with the mission , vision and trends of the environment), determination of the strategy, implementation of the strategy and control of the implementation and obtained results, at the highest management level of the organization, i.e. strategic management is a process related to organizational strategy, as a way to achieve long-term goals and organizational performance.

3. DEVELOPMENT OF STRATEGIC MANAGEMENT IN THEORY AND PRACTICE

Management has existed since there was a human community and the need to undertake an undertaking and achieve a goal that enables its survival and development. In the beginning, these were the activities of gathering food, hunting, protection from attackers, and later with the development of society, more complex agricultural, construction projects and conducting military campaigns, until today, where it is present in all fields of human activity.

The development of management is connected with solving organizational problems that accompanied the development of human civilization and is limited by the era of social and economic circumstances in which a specific community existed (Egypt, China, Greece, Rome, etc.).

The beginning of modern management is related to the period of industrialization and the appearance of machines that completely or partially replaced the role of nature, people and animals in the process of production, transformation and distribution of goods. The advent of the printing press and the steam engine made possible the rapid spread of information, the rise of innovation, the increase in production volume, and the expansion of markets. The flow of people, goods and information has grown out of proportion to the ability to manage it effectively. Organizational problems that accompanied industrialization generated a need for specialized tools and techniques, knowledge and people who could solve them. Organizational management has become an expert profession and a scientific field that is developing at an accelerated pace to the present day. Scientific and technological development and the era of digitization create the need for new management knowledge, techniques, tools and managers as deficient professions in all segments of society.

The emergence of strategic management as a fundamental research field of research dates back to the early 1960s, when the classic works of Chandler were published (1962), Ansoff (1965), Andrews (1971). From the very beginning, strategic management has been recognized as an interdisciplinary field of research, and strategy researchers have verified and encouraged a multidisciplinary intellectual heritage (Jemison, 1981б; Porter, 1981). Three key events contributed to the further development of the scientific field: publication Schendel (1979), the book "Competitive strategy” (Porter, 1980) and starting a magazine „The Strategic Management Journal” (1980). Schendel Hofer (1979) analyzed current achievements with leading scientists and developed a research program for the next two decades. Porter's book "Competitive Strategy" became the basis for much of the strategic curriculum and marked the transition from reliance on toolkits developed by consulting firms ("BCG matrix") to a systematic, theoretical analysis of strategy at the organizational (enterprise) level. There are numerous authors who recognized the importance of this topic and influenced the formation of the modern concept of strategic management with their research, Figure 1.

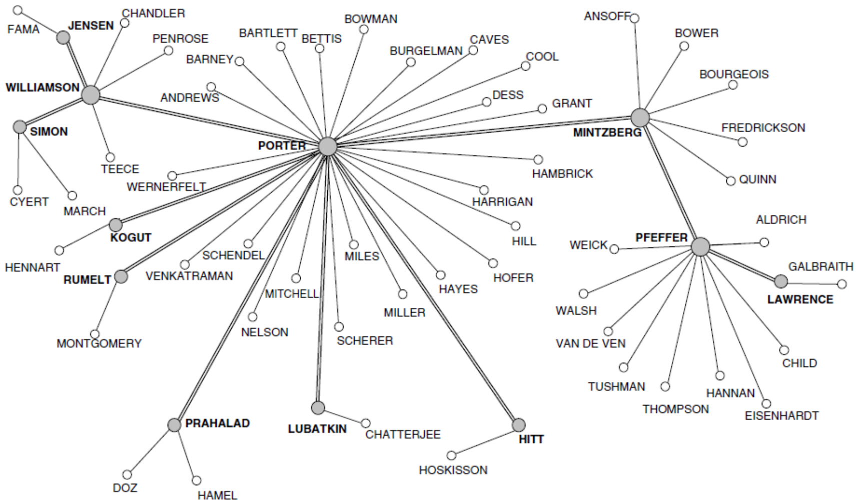

Figure 1. The influence of the author on the formation of the modern concept of strategic management
Source: (Nerur, Sridhar & Rasheed, 2008)

The progress of strategic management as a discipline follows several factors.

First, in the literature there is a noticeable increase in the spectrum of covered topics (Hoskisson et al., 1999). The study of "best practices" in the 1960s gave way to the analysis of various topics such as internationalization, cooperation between firms, strategy and competition in product markets, strategic leadership, and the relationship between an organization's strategy and its social responsibility.

Second, there has been a significant growth in the range of research methods used, which have become increasingly sophisticated (Hoskisson et al., 1999; Ketchen et al.,2008). Case studies have largely been replaced by the use of quantitative tools based on complex econometric techniques, multilevel analysis and, more recently, hybrid methodologies, in which a single study combines quantitative and qualitative techniques, each tailored to the nature of the problem to be analyzed (Molina-Azorín, 2012).

Third, a further indicator of the growing maturity of the discipline is the growing consensus regarding certain core concepts, such as the definition or concept of strategy or strategic management. Ronda-Pupo и Guerras-Martin (2012) reveal how consensus around the concept of strategy builds and expands over time slowly but steadily. Although the diversity of definitions continues to be a common feature of the discipline, multiple aspects of the concept over time have formed a single core definition. For the record, two studies conducted in different contexts and with different methodologies found that the main aspects of the concepts of strategy and strategic management are very similar. Using the implicit and explicit definitions of a set of scholars, R. Nag identifies seven key components of the concept of strategic management: performance, enterprises, strategic initiatives, environment, internal organization, managers/owners, and resources. Although a different approach based on content analysis was used, the relevant items on which the concept of strategy is based are the same in the research conducted by Ronda-Pupo and Guerras-Martin.

Fourth, and finally, the academic community interested in strategy research is constantly growing, not only in terms of the number of scholars dedicated to the field, but also in their international nature, as well as the connections between them. In the publication "Journal of strategic management", one can see an increase in cooperation between scientists from both an inter-institutional and an international perspective (Ronda-Pupo, Guerras-Marti, 2010).

The study of strategic management in our country began later than in developed countries due to the social and economic environment that began to change in the nineties of the last century. Then the systematic study of strategic management began (the first textbooks are published, scientific meetings are organized, it becomes a compulsory subject studied at faculties). During its development, strategic management has accumulated a rather large body of knowledge, both theoretical and empirical and methodological in nature. Today, strategic management is affirmed as a scientific and teaching discipline that is engaged in by a large number of scientific workers.

4. STRATEGIC MANAGEMENT PROCESS

In 1916, Henri Fayol gave the first division of management, which has remained in a modified form until today. According to Fayol, management consists of the following functions: 1. prediction, 2. organization, 3. command, 4. coordination or coordination and 5. control. A more detailed division was presented by J. L. Masi, 1987. according to which the functions of management are: 1. decision-making, 2. organizing, 3. staffing, 4. planning, 5. controlling, 6. communicating and 7. leading (directing). The division of J. A. Cole in 1994 represents management through four sub-processes: 1. planning, 2. organizing, 3. motivating and 4. controlling. Although the process of defining the functions of management was long, there is no consensus among the authors today on the issue of definition, although the differences have become minor over time.

Strategic management is a process in which, after analyzing the environment, appropriate strategies are formulated, which are then implemented, evaluated and modified depending on the degree of achieved effects. The process of strategic management, depending on the level of classification of the activities it includes, can be presented in the following stages: 1. Analysis of the environment, 2. Defining the vision, mission and goals, 3. Formulating the strategy, 4. Implementation of the strategy and 5. Strategic control.

By strategic analysis of the environment, the organization anticipates the state, trends and influence of internal and external factors on its functioning. The internal environment consists of the organization's ability to direct, absorb or protect itself from external influences. The external environment is a multidimensional environment in which the organization performs its function, and the subject of analysis is the complex impact of the environment on the organization. In the strategic analysis phase, by applying various techniques and tools (SWOT, SPESTLE, stakeholder analysis, etc.), relevant indicators are obtained that represent the basis for the following phases.

In the phase of defining the vision, mission and goals, answers to the key questions are obtained: what the organization wants to achieve in the future (vision), why the organization exists (mission), and what are the values that the organization wants to achieve (goals).

Strategy formulation is the phase in which a programmatic viewpoint is formed for the future use of the available resources and capabilities of the organization and the achievement of strategic goals. The formulation of a strategy results from a strategic analysis (recognized opportunities and dangers) and is a mental expression of measures, procedures and activities that should be implemented in order to take advantage of those opportunities and avoid dangers. The strategy limits and directs all future efforts of the organization towards the achievement of the set goals.

The phase of application or implementation of the strategy requires great effort and consistent implementation at all organizational levels in order to fully implement the planned activities.

In the evaluation phase of the implementation of the strategy, the achieved and planned results are compared and the necessary corrections are proposed in order to fulfill the plans.

Strategic control provides feedback for the improvement of all phases of the strategic management process.

Each of the mentioned phases is implemented in the established sequence of steps - sub-processes.

The challenges of modern development, work, activities and activities are becoming more complex, more specialized, and business more complex. More extensive and longer preparation is needed for complex activities and more precise synchronization for functioning in an increasingly uncertain environment. Strategic management is becoming increasingly important as a special management discipline directed towards the future of the organization.

5. CONCLUSION

Strategic management is a relatively young discipline that has steadily matured over the past fifty years. The field of the discipline was consolidating during this period, while at the same time expanding the spectrum of analyzed topics and used research methodologies.

Strategic management as a way to solve future situations and challenges enables modern organizations to anticipate future conditions, adapt to changes in a timely manner and create advantages in relation to other environmental actors that will enable more certain survival and development in the planned direction.

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