

THE KEY POSITIONS OF STRATEGIC MANAGEMENT AT THE ENTERPRISE

Elena BARANOV

State Agrarian University of Moldova, Chisinau, 42 Mircesti, sector Rascani, MD-4224, Chisinau, Republic of Moldova, Phone: +373 69310329, e-mail: el.bernic@mail.ru

Corresponding author email: el.bernic@mail.ru

Abstract

The external environment in which there are now a variety of forms of economic organization, it is qualitatively different: it is constantly increasing degree of uncertainty, there are unaccounted for risk factors. Management must now be better able to market self-regulation. More and more talk about the new role of management, new approaches to strategic planning and management. The strategy is not only as a tool to study, develop and implement long-term goals and objectives of the industrial, scientific, technical, economic, organizational and social nature, not only as a factor that regulates the activities of the organization until such time as the planned goals and objectives are achieved, but also as a means of communication enterprise with foreign market environment.

Keywords: *strategic management, strategic analysis, corporate of the solution, competitive solutions, functional solutions.*

INTRODUCTION

Examples of the use of a strategic approach to the management of enterprises began to be traced as far back as the 20-30-s of the XX century. But the concept of strategy, of has entered the lexicon management only in the 50-s, when the reaction of companies and firms to unexpected changes in the external market environment became crucial.

There are many definitions of strategy, but they can be reduced to one - as a set for a sufficiently long period of set of rules, guidelines, directions, areas, methods and rules of conduct to ensure high growth and competitiveness of the organization, strengthening market position, enhance the ability to survive in the particular situation.

If the enterprise is a holistic organism, and its strategy must be comprehensive, to consider the relationship between the individual subsystems of the enterprise and the influence of the external environment.

Many enterprises the Republic of Moldova has not yet appreciated the opportunities that are opening up before them with the introduction of strategic management in the face of uncertainty. This is partly explained by the lack of formalization of the process of

strategic management and the absence of thorough methods of strategic analysis and management of high complexity of the problem. The lack of suitable tools that satisfy at least the majority of problems solved in the development and implementation of the strategy also hinders the implementation and reduces the attractiveness of strategic management [5. p. 94].

MATERIAL AND METHOD

Developing an effective strategy - constant challenge enterprise managers, which includes the task of analyzing the situation, intensive interaction with the buyer and the accumulation of huge amount of knowledge through experimentation and constant trial and error.

The ideology of strategic management best suits the peculiarities of the modern state the enterprises of Republic of Moldova, which determines the relevance of research the potential of strategic management.

For the study of economic events, have been used such methods as an economic research: historical, graphic and economics and statistics.

RESULTS AND DISCUSSIONS

The strategy in one form or another is inherent in any system of management, although the specifics will vary depending on its type - a portfolio, or corporate, competition, or business strategy; functional. Are allocated, respectively, and three levels of strategic decisions. [3]

Level 1 - Corporate (portfolio) of the decision relating to activities of the enterprise as a whole. Historically, business has been single-product, then it occurred to diversify, so this level is currently associated with the management of multi-product enterprise. The main purpose of portfolio strategy is the selection of those units, which should be directed to the investment. The main points of this strategy include the allocation of resources between units based on portfolio analysis; diversification of production in order to reduce economic risk and obtain synergy effects, changes in the organizational structure of the enterprise, the production of a single strategic orientation of units.

Level 2 - Competitive solutions apply to the business units of the enterprise. Their purpose - to provide a business plan to show how the enterprise will compete in a particular product market, to whom and at what price will sell products, how to advertise, how to win the competition, etc.

Level 3 - Functional solutions occurring in the interests of departments and services of the enterprise. This strategy production, marketing, finance, personnel, innovation, etc. Their objective - efficient allocation of resources department (service), as well as finding an effective behaviour within a given function. It is believed that the formation of an independent functional strategies - unexplored questions of management, there is a vast reserve of efficiency.

Corporate strategy in enterprises with one type of activity will coincide with the business strategy. In turn, the hierarchical structure of management suggests that corporate strategy consists of a number of business and functional strategies. In addition, the strategy of the higher hierarchical level serves as targets at a lower level.

The starting point for the formation of enterprise strategy is primarily a recognition of his leadership can not be maintained and strengthened the position of the company operating in a congested market, relying on the traditional policy. It follows the reorientation management methods development the enterprise based on the results already achieved, developed products and technologies used (internal factors) to study the constraints imposed by the external market environment (external factors).

The main emphasis in the development the company strategy is on the analysis of specific market segments to evaluate the favourable penetration in the planned spheres their use to strengthen its position and competitiveness. Consideration is also given the possibility of success in a particular market sector, production of new products, development of advanced technologies, activities, areas of management.

The result of the procedures for developing the organization's strategy is a preliminary draft the development the future. It usually includes the selection of specific spheres of the market, the activity should be focused company, identifying the source and type of resources used, an inventory of technologies planned for use, selection methods, industries, and future directions, as well as the type of product produced. Taken together, this is the strategy of the organization.

Strategic management - is a programmatic way of thinking and management, ensuring that the objectives, capabilities the enterprise and interests of employees. It involves not only the definition of the general rate activities (conduct) of the enterprise and affairs of the organization based on it, but also improve motivation, commitment of all employees in its implementation.

Birth of strategic management is associated with long-term planning of large-scale military campaigns with the participation of different genera and species of troops, in alliance with the armies of other countries. However, its continued very rapid growth was due to the increasing dynamics of the socio-economic development, competition, technological progress, increasing the role of human factors

in management, the emergence of new methodologies for predicting and modelling the trends of social development.

Today, the scope of strategic management is extremely diverse. It gives huge advantages to organizations operating in different spheres of modern society. These advantages include the rational use of limited resources and mainly time. In addition, strategic management creates a sense of confidence the personnel and managers of organizations, promotes consistent the development and implementation of management decisions, focuses on sustainable development in market conditions.

Strategic management - not only to develop a program of development, and adoption and implementation of strategic decisions. It is also a set of processes, phenomena and characteristics, reflecting the priority objectives and the dynamics of development, the timeliness of decisions and actions, anticipating the future, analysis of the impact of control actions and innovations. Strategic management is reflected in the methodology and the organization of management in an unstable environment, technology, models and concepts of the paradigm of participatory administration. According to some researchers, the essence of strategic management is to answer three key questions:

- what is now the organization;
- in what direction, according to top management it should develop in the future;
- how it is going to get into a position where it wants to see leadership.

The answers to these questions provide strategic analysis, strategic choice (or the actual strategic planning) and implementation strategies (strategic decision), as shown in the figure.[1]

Strategic analysis requires a clear understanding from the leadership on what stage of development of the enterprise is located before you decide where to go. This requires effective information system that provides data for the analysis of past, present and future situations. Well-held diagnostics business strengths and weaknesses activity of the enterprise gives a realistic assessment of its resources and capabilities, as well as a starting point for developing a strategy. Important and

knowledge of the competitive environment in which the company operates.

Feature of strategic management is its orientation to the future and, therefore, necessary to determine what to strive for, what goals to set. Along with the analysis of the internal environment, the organization also requires diagnosis of the external environment in order to know the opportunities and threats for the future.

Analysis of the external environment is carried out in seven areas (areas), which are economics, politics, market, technology, competition, the international situation and socio-cultural behaviour. Thus, the strategic analysis is the most important step in the development of an effective management strategy, which is based generally on three components:

- ✓ properly developed long-term goals;
- ✓ understanding of the external competitive environment;
- ✓ real evaluation of their own resources and capabilities.

Strategic choice includes the formation and evaluation of alternative directions of business development. Whichever is the preferred option. There are special methods for predicting and evaluating future situations on the basis of development scenarios and portfolio analysis. It is believed that the formation and evaluation of development alternatives is an independent value to the administration and implemented in the strategic planning process. It identifies time frames, resources, sources and amounts of financing and are responsible for the implementation of planned activities.

There are rapid and perspective planning. The first is to ensure the effective organization of the current activity of the enterprise, and the second - survival of the organization in the future.

As part of strategic planning usually distinguish the traditional long-term and strategic. The main factor in the strategic planning serves the state of the environment. It is (as opposed to traditional long-term) does not use the ideas about that the future better than the past and does not rely in the future of the method of extrapolation. The strategic planning is, first, an analysis of the real state of the environment or

its individual segments from the perspective of the enterprise. Second, the choice is promising sectors of the environment, the development of long-term orientations and activities.

The implementation of the chosen strategy involves adjustment of the two previous stages. The activity leadership is aimed at upgrading (if necessary) management system alignment with strategic objectives of the organizational structure of the company, the allocation of resources, as well as training of personnel. In other words, strategic management is formed so as to help guide the enterprise to predict business trends, monitor external influences.

Among the strategic decisions at this stage include: reconstruction of the enterprise, the introduction of new products and technologies, organizational changes in the legal form of enterprise, production and management, remuneration, etc., entering new markets, as well as the acquisition (merger) enterprises, etc. Strategic management is based on certain principles, general rules of administrative activity. In modern conditions the most widely used are as follows: *control* - is used when the predicted stable development of economic systems; *extrapolation* - is applied when the projected future manifestation of the same trends as in the previous period, the

development of new strategies - is used when the new trends are evident the development, and the *development of strategic plans* is carried out for periods; *operational decision-making* - is used in case of unexpected situations, rapidly changing trends in the economic system as a whole or its major subsystems, and the re-ordered strategic objectives.

Strategic management is also inherent in the algorithm: what to do (conceptual aspect, the formation of the general purpose); how to do it (technological aspect) with the use of public resources (the resource aspect); and in what timeframe and what sequence (temporal aspect); who will do (personnel aspect); what should be the organizational structure of management (organizational and managerial aspects).

In recent years, has changed the paradigm of the development enterprise strategy. Whereas previously it was thought that the strategy should be known only to a narrow circle of top leaders and should not be made public, in these days in preference openly stated. The strategy should be a matter of not only the management of the enterprise, but also all of its rank and file employees.

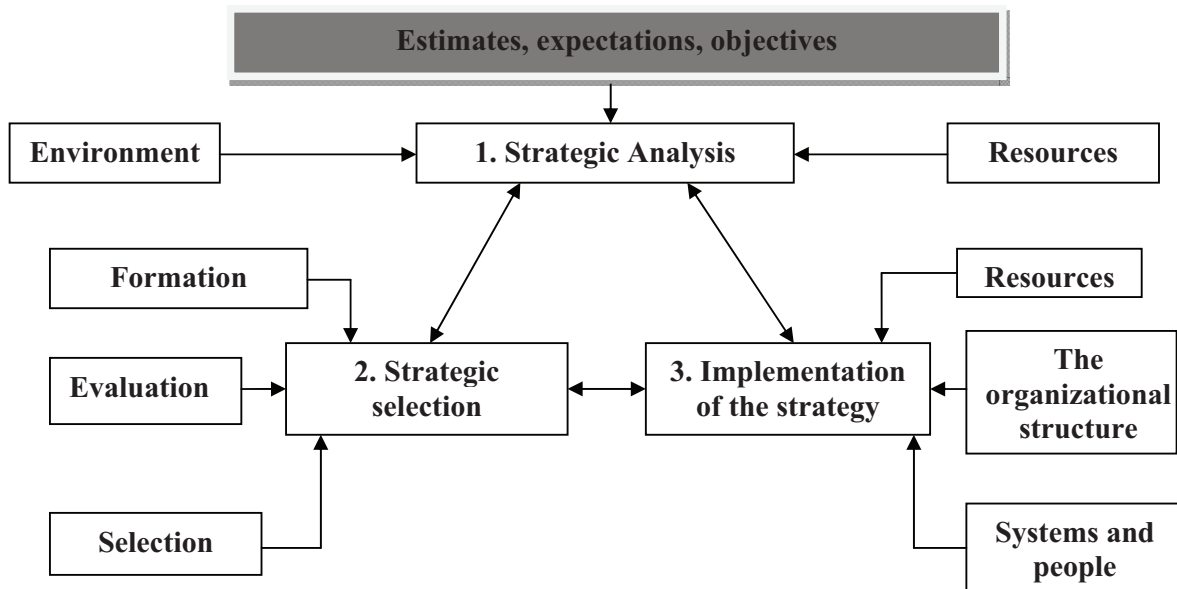


Fig 1. The elements and phases the strategic management of the enterprise

As you can see, the strategic management - rather complex system of governance based on

the prediction of the environment and develop ways to adapt the enterprise to its changes.

Foreign experience of theory and practice of modern management suggests that the transition from the stream of corporate planning for long-term, and then in a strategic market economies due to accelerating scientific-technical and socio-economic development, strengthening the elements of uncertainty and unpredictability in foreign relations. The development and realization corporate strategy, which would better meet the rapidly changing external environment has become extremely important part of the management of most companies.

Among the new methods that were used in the strategic management and planning are primarily the construction of scenarios, modelling, development plans based on predictive hypotheses, expert evaluation of the various options of the economic behaviour, the construction of matrices, etc. However, corporate planning has faced great difficulties in implementing policies that flowed from a gap between senior management and operational structural units of the corporation, that is those who are directly involved in the implementation of the plans.

The fact that the culture of the corporation (organizational culture) technocratic type that prevailed until recently and dominated the style of management based primarily on the decision-making and control over their execution. Efforts were made mainly to the implementation of large-scale changes, which are involved only senior executives responsible primarily for staff functions. In fact, the strategy has become a privilege of senior management. Strategic planning helped strengthen the role and position of those professionals who plan goals and objectives, and then compare results with goals.

In strategic management the 90s of the XX century, the center of gravity moved to the scope of the strategy. The focus is not so much control over ongoing activities as monitoring the general course development of the organization. This approach operatively enough to make adjustments not only in methods but also the strategy itself. For this purpose the comprehensive development of entrepreneurial initiative, especially among professionals operating structural units. Strategic

management is just the prerogative of the executors, that is, those who show initiative, not only at the stage of planning and implementing the strategy.

The current stage involves a departure from the technocratic rationalism, the initial belief that the firm's success is determined by the rational organization of production and improvement of organizational structures, reducing costs through effective use of all resources. In the traditional approach, an economic organization is considered "closed" system, its goals and objectives are defined and are, like other conditions of the activity, stable enough for a long time, and in the governance arrangements decisive importance are diligence and effective control over all the activities.

The philosophy of modern strategic management (as opposed to technocratic rationalism) is based on the system, and situational approaches. Business organization is considered "open" system. The main prerequisites for success are not being sought inside and outside of it, that is, the success of the activities associated with how quickly and successfully the firm adjusts to economic, social, political, socio-cultural environment.

The Western experts believe that the strategic management of the 90s - it's management in a rapidly changing environment. Put forward new goals and objectives, and, of course, require adequate response changes within the company. Among these the principal circumstances, which need to respond to the organization, should be made first of all, increasing globalization, more intense competition, high prices for raw materials, reducing the life cycle of products, difficulties in obtaining funds for research and development, the need to constantly increase the flexibility and adaptability of the intra-organization, to introduce new forms of cooperation, including international.

Strategic decisions under the new conditions have the following characteristics: a significant effect on the company's ability to make a profit, the company concerned as a whole, accepted the supreme executive organ and board of directors, have long-term in nature and therefore are not made so often reflect the values of the top echelon of management and

must agree with the corporate philosophy and culture of the organization.

CONCLUSIONS

To create and implement a strategy is a rather laborious procedure. However, the significance of this process for the company considerably exceeds the cost of its implementation. The fact that the mere process of thinking about the situation of collective discussion, analysis of different options in different areas of the enterprise are extremely useful, increasing the degree of consistency and validity of decision-making and management of the enterprise as a whole.

It is interesting that discussing the strategy of improving management, consolidated group, reduced the level of conflict in the interests of owners, managers, employees of the enterprise. Most of the enterprises of the Republic of Moldova does not have a documented strategy that does not prevent them succeed. Moreover, the lack of a strategic plan does not indicate that the management companies “drifting”

The leaders of successful companies tend to understand what are their advantages over the competition and take concerted action to strengthen its market position. In this sense, they have a strategy.

The problem is that it does not understand or do not accept those who are to participate actively in its implementation: top-level executives, middle, and lower-level employees. In our opinion, the main purpose of a formalized strategy is to create a common vision, able to coordinate the efforts of staff and managers at all levels. Therefore, the head of the enterprise is not enough to "invent" strategy. Necessary to ensure that it has become "our" strategy.

REFERENCES

- [1] M.D.Aistov, 2003, *Restructuring of the enterprises: questions of management*, Moskow, Alpina Publisher.
- [2] Ansoff, 1999, *New corporate strategy*. St.Peter, burg: Peter.
- [3] B. Karloff, 1991, *Business strategy: the Concept*. The contents. Symbols, Moskow, The Economy.
- [4] G.B.Kiejner, 1998, *Strategy of business: the Analytical directory*, Moskow, CONSECO.
- [5] V.O. Chichkina, 2007, №5, *Problems of the theory and practice of management*.