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FACTORS CONTRIBUTING TO THE SUCCESS OF STRATEGIC MANAGEMENT

Sara Biru Berisso

University of Eastern Africa, Baraton

Abstract

Strategic management is a critical component of every organization to give directions as a road map in order to achieve competitive advantages. It also ensures goals are set, resources and time are provided to accomplish it.At the same time, it also ensured that external challenges are taken care of, adverse situations are tackled and threats are analyzed to turn them into possible opportunities. Apart from providing directions ensuring environmental challenges, it also fosters effective decision making, cost cutting, employee motivation and improving overall organizations performance. Having a strategy is important step towards solving numbers of insistent problems.

Thus, this paper endeavors to look at what research says about the major factors that contribute to strategic management. In addition, the paper presents the model for the empirical study of strategic management using these factors as independent variables and the strategic management as the dependent variable. The researcher suggests for the future research that the qualitative method might be used in addressing the research questions that might arise from this model. The researcher believes that qualitative approach to the study of strategic management provides an empirical data and will help to identify the most influential factors that contribute to the disparities of the strategic management practices in organizations.

Keywords: Collaborative Management, Collegial support, Information Technology, Process, Resource Allocation, Strategic Management.

Introduction

Starting from simple and daily business transactions up to big and complex enterprises and organizations, strategic management is essential. Strategic management is the heart of every entity today for their survival and success. It helps to set priorities under conditions of very limited resources. It is aimed to function as a guide for development assistance and contributor to coordination of all activities going on in an organization (Gates, 2010). Having a strategy is important step towards solving numerous persistent problems. Strategic management practice is believed to be a facilitator of innovative behavior (Barringer&Bluedorn, 1999).

Strategic management is an intricate activity which involves systematic planning and execution of those plans. Mummert&Mummert (2011), states that "one reason for the complex nature of strategic management may be that a strategy always remains abstract" (p.7). Without considering other influencing factors, strategic management alone does not inevitably lead to individual action, least to say to the proper individual action.

Problem Statement

Strategic management will achieve the envisioned results only if it reflects an understanding of the essential interrelationship between action of different actors/institutions, environment, and results strived after.

Therefore, strategic management involves a lot of information gathering, analysis, communication, decision making, coordination, monitoring, evaluation and adjustment with many stakeholders and organizations (Mummert, &Mummert 2011; Gates, 2010).Successful strategic management has a significance influence not only on the business performance of organizations but also on the customer's attitude towards the quality of the products and services provided by the organization (Kenyon &Meixell, 2011). Consequently, identification of factors contributing to successful strategic management is important.

Strategic management is a complex activity that includes systematic planning and implementations of those plans. However, according to Harvard School of Business (Sep 25, 2018) 90% of organizations fail to effectively execute their strategic plans.

Therefore, this paper is to explore various factors that contribute to the success of strategic management. Furthermore, based on literature reviews this paper will come up with a theoretical framework of factors contributing to the success of strategic management.

Literature Review

Thompson and Strickland (2003) defined "strategic management practice as the process whereby managers establish an organization's long-term direction, set specific performance objectives, develop strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans " (p. 2). The paper review factors that contribute to successful strategic management from formulation to implementation. These are Collaborative Management, Unity of purpose, Information technology, Resources allocation, process and collegial support.

Collaborative Management

Collaborative management is one of the important factors that is required in strategic management. Good strategy can work best if the manager first focuses on people working with him and under him, give them freedom and encouragement to develop their skills and knowledge. Balancing restraining forces and providing direction, structure, organization, and some rules are important in effectively managing people. This in turn will encourage personal growth, development and creativity. Even if there is a smart strategy in place, too much rigidity and luck of eliciting cooperation among employees will lead an organization to failure than success (Schotanus, Telgen, & de Boer, 2010; Mummert&Mummert, 2011; McCarthy & Eastman, 2010).

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One of the criteria for securing success is quality management. The dominant role of 'top management support' is cited by most researchers. Collaborative management is a key strategic variable for quality management. Strong commitment from the top management is vital in quality management and leading to higher quality achievement. A collaborative manager empowers, motivates, organizes, plans, controls, communicates, teaches, advises and delegates (Foster, 2010). A leader or senior management acts as a driver and team player of strategic management implementation, establishing values, goals, and systems to satisfy customers' needs and expectations and improve organizational performance (Das, Paul, &Swierczek, 2008; McCarthy, C. & Eastman, 2010). The ability of top management to establish a practice, and lead a long-term vision for the firm, driven by changing customer requirements is a powerfully crucial matter. Foster (2010), Ranong and Phuenngam (2009) argued that in order to move employees in the right direction to achieve success, managers may use their different sources of power. Therefore there is very strong evidence that a collaborative management factor is relevant in a strategic management such as top management accepts quality responsibility; evaluated on quality; participate in quality improvement efforts; makes strategies and goals for quality; alignment of information systems strategy with business strategy; considering market demands and consumer needs; and organizational performance and profitability (Saraph et al., 1989; Ranong&Phuenngam, 2009).

Collaborative management is important in influencing groups of people and mobilizing resources. Effective collaborative management promotes the strategic direction of the company to achieve customer satisfaction and business results by enhancing the strategic management in the organization (Schotanus, Telgen, & de Boer, 2010; Mummert&Mummert, 2011).

Collegial Support

According to Gentzler (2005), Hoy and Hoy (2006), and Sergiovanni (1990), collegial support refers to the work linked support that group members provide to each other by sharing common concerns, information experiences, and knowledge at workplace. Evans (2003) suggested that collegial support is an interpersonal relation, and includes "features such as the degree and quality of teamwork, cooperative ways of working, consultation, and interdependence and support among colleagues" (p. 145).

Furthermore Joiner (2005), and Schotanus, Telgen, and de Boer (2010) suggest that collegial support is a key element to become successful in business. It creates a good working team and is also a key element of strategic management. With the collegial support, the business will receive quicker and better solutions to problems. Collegial support also provides more permanent improvements in processes and operations. In collegial support, people feel more comfortable bringing up problems that may occur, and can get help from other workers to find a solution and put into place (Ranong&Phuenngam, 2009).

Collegial support provides a venue for trust among colleagues. Trust is a by-product of integrity and ethical conduct. Strategic management cannot be built without trust among employees. Collegial support and trust foster full participation of all members in the organization (Schotanus, Telgen, & de Boer, 2010). It opens a way for employee empowerment that fosters pride, ownership, and commitment. It promotes individual risk-taking capability for continuous improvement and helps to ensure that measurements focus on improvement of process and are not used to contend people. Collegial support enhances trust, which is essential to ensure customer satisfaction. So, collegial support builds the cooperative environment essential for strategic management (Schotanus, Telgen, & de Boer, 2010). Collegial support fosters better relationships between employees and with their managers, as employees that are given more independence tend to form better working relationships (Joiner, 2005; Schotanus, Telgen, & de Boer, 2010). In order to manage strategically and successfully, managers should enhance collegiality among members of an organization.

Unity of Purpose

Unity of purpose refers to the degree to which employees collectively focus towards common visions and objectives of the organization (Gruenert& Valentine, 1998). The vision of the organization should mirror the hope, benefit, needs, values, and dreams of all stakeholders and employees realize, support, and execute their duties in harmony with the visions of the organization (Sergiovanni, 1990). Sergiovanni further noted that unity of purpose provides the organization with sense of direction and it is a key to success in strategic management. Harisson and Dymoke (2006) suggested that unity of purpose can be illustrated by organization's approach to collaborative working condition and its stipulation of prospects for combined planning and performance. Effective managers do not manage all people the same, except for some basic rules, yet strive to maintain unity among employees. They manage each person according to what he or she needs, what motivates them to do their best (Schotanus, Telgen, & de Boer, 2010; Mummert. &Mummert, 2011).Schotanus, Telgen, & de Boer (2010) further claim that

> From perspective of equity theory, uniformity is also an important factor. Higher levels of uniformity reduce the likelihood that group members have different views on or perceptions of the value of each other's contributions to the group. Given the empirical and theoretical findings, we argue that uniformity of the group members is a category for potential success factors (p. 53).

Information Technology and Strategic Management

By providing both, opportunities and challenges, information has become the lifeblood of any strategic management (Buhalis, 1998). As blood affects all functions of human body so also information technology affects all functions of strategic management. Lauglaug (1987), states that during the past eras, technology has not only shaped a multitude of new industries, but also has brought a realization of technology and survival as inseparable. Now days in order to both achieve business synergy and influence technology; technological issues must be incorporated in strategic business planning and decision- making.

Technology related issues in strategic management will continue to be foundations for almost every major strategic business decision that managers have to make Therefore, in this age of globalization and digitization, the use of information technology to succeed in business is inevitable (Ranong&Phuenngam, 2009. There is no any business transaction which cannot apply technology to enhance its success. In many ways the use of information technology is believed to enhance the access to experts and their insights and information and thereby enhance strategic decision making and strategy implementation. Information technology can be used in various stages of strategic management to determine activities vital for success of any business entity (Lauglaug, 1997).

According to Kovacheva (2008), every kind of information technology which is available in this digital age can be used in strategic management to gather information in all levels of organization andalso from the environment. Technologies that are available for strategic management include, strategic plan formulation systems, change management systems, technologies for supporting organizational structure development and re-engineering, team collaboration supporting systems, resources allocation supporting technologies and strategy implementation monitoring tool (Buhalis, 1998; Kovacheva, 2008). Basically these technologies are grounded on knowledge and aid organizations overcome the racefor success in the knowledge markets.

Strategic Management and Resources

Literature tells us that there has been a reappearance of interest in the role of the business entities' resources as the basis for strong strategy. This interest mirrors the displeasure with a stationary, stability framework of industrial organization economics that has controlled much present-day thinking about business strategy and has transformed interest in older theories of profit and competitions (Laursen& Foss, 2003). Organizations and business entities largely depend on both human and material resources.

If these two resources are not managed strategically and economically, the business will collapse soon. The sustainability of any business rests on the resources (Mahoney, 1995). Resource is a catalyst for change and success. Resource management plays a significant role in contributing to the success of any organization. Two major resources the need to be managed strategically in this section are, human resource and material resources management.

a) **Human resource management**. Research in management shows that the methods that the organizations in managing their human resources can have a considerable effect on many organizationally related outcomes. Employee turnover, productivity, financial returns, survival, and organizational values are highly associated with human resource management (HRM) practices of the organization. The contribution of systematic human resource management for the success of an organization is undebatable. According to the resource-based view an organization can gain a competitive advantage from the human resources it possesses (Hart,1995). If companies shift their focus from the external environment and position their human resource strategically for their effective use, they gain a competitive advantage (Delery, 1998, Laursen& Foss,2003). Further, (Laursen& Foss, 2003, p. 244), claim that

> The increased attention paid to new HRM practices has been particularly prevalent in the field of strategic management, HRM and, increasingly, the economics of organization. For example, strategy scholars have argued that

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> human resources are particularly likely to be sources of sustained competitive advantage and that HRM practices should therefore be central the strategy.

Strategic human resource management makes a vital component of strategic management because they way human resource is managed can make or break any business firm. Consequently, successful HRM is one of the contributing factors to the success of strategic management.

b) Material resource management. Equally important to human resource management is material resource management. Material resource management involves the analysis of competitive pretension, the appropriateness of return rates to investments, the role of imperfect information in creating profit differences between competing companies, and the means by which the process of resources accumulation can be sustaining competitive advantage (Grant, 2001). Grant further notes that

> Afirm's ability to earn a rate of profit in excess of its cost of capital depends upon two factors: the attractiveness of industry in which it is located, and its establishment of competitive advantage over rivals. Industrial organization economics emphasizes industry attractiveness as a primary basis for superior profitability, the implication being that strategic management is concerned primarily with seeking favorable industry environment, locating attractive segments and strategic groups within industries, and moderating competitive pressures by influencing industry structure and competitor's behavior (p. 117).

Thus, strategic material management is an essential factor that contributes to the success of any business.

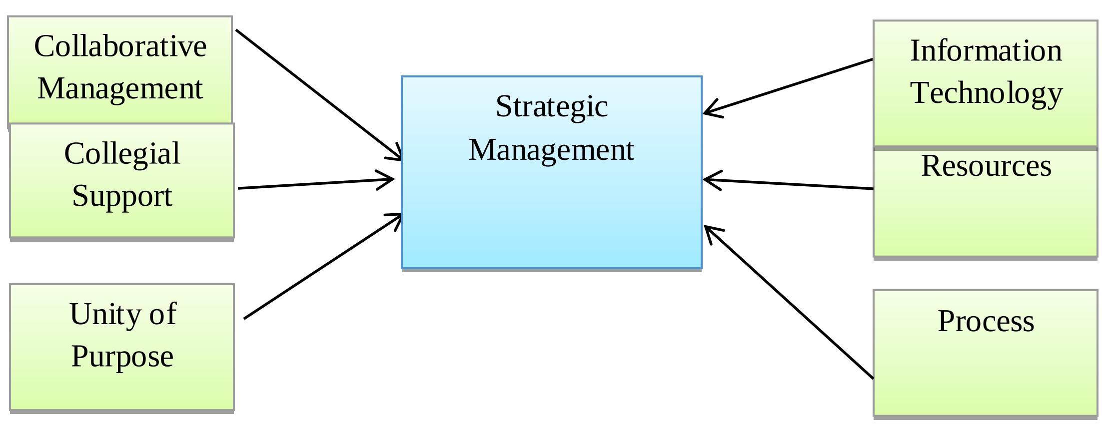

Figure 1. Theoretical framework of factors contributing to the success of strategic management

The theoretical framework indicates that the success of strategic management is influence mainly by the six factors listed above. As indicated by the arrows, all factors have equal influence on the strategic management. Three of the factors, collaborative management, collegial support, and unity of purpose directly deal with how the employees and managers should relate to each other in accomplishing their task. The other three, information technology, resources, and process have to do with knowledge, technology and stepwise services (processes) that the organization engages in.

Conclusion

In conclusion, this paper sought to address important factors that contribute to the success of strategic management for the success of any business firm. As discussed above, managers who are appointed to head the business firms should be aware and conversant of these six factors in order to succeed in the world where there is always “a struggle for existence and survival of the fittest.” Strategic management puts any firm in a competitive advantageous position. That is why this researcher believes that identification and deep knowledge of factors contributing to the success of strategic management is important.

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