

## THE IMPORTANCE OF STRATEGIC MANAGEMENT IN BUSINESS

### İşletmelerde Stratejik Yönetimin Önemi

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#### ABSTRACT

The most important features of today's world are global marketing and constantly changing conditions. Organizations that keep pace with change will be successful. Some of the changing elements and their effects are in economic, technological, political, social and cultural fields. In line with these factors, managers who have a dynamic structure that creates new strategies to manage the change and change processes of their organizations will be able to gain competitive advantage in an intense competitive environment. In enterprises where strategic management is applied, quality management techniques (at all stages of the processes) should be supported with optimum price policy by reducing costs without sacrificing quality. In the face of changing technological conditions, the existence of appropriate workforce and management in the enterprises is also among the important elements. Effective management of time, learning organizations, implementation of different strategies, effective resource use, environmental analysis, stability and supervision should be undertaken by senior management. Success can be achieved with the right strategy selection, creativity and timely applications of the top managers in the enterprises.

**Keywords:** Business, management, strategy, competition, strategic management

#### ÖZET

Günümüz dünyasının en önemli özellikleri, küresel pazarlama ve sürekli değişen koşullardır. Değişime ayak uyduran kuruluşlar başarılı olacaklardır. Değişen unsurlardan bazıları, ekonomik, teknolojik, siyasi, sosyal ve kültürel alanlarda yaşanan değişim ve etkileridir. Bu unsurlar doğrultusunda örgütlerinin değişim ve değişim süreçlerini yönetmek için yeni stratejiler oluşturan dinamik bir yapıya sahip yöneticiler yoğun rekabet ortamında rekabet avantajını elde edebileceklerdir. Stratejik yönetimin uygulandığı işletmelerde, kalite yönetim teknikleri (süreçlerin tüm aşamalarında) kaliteden ödün vermeden maliyetlerin azaltılması sağlanarak optimum fiyat politikası ile desteklenmelidir. Değişen teknolojik koşullar karşısında işletmelerde uygun nitelikte iş gücünün ve yönetimin bulunması da önemli unsurlar arasında yer almaktadır. Zamanın etkin kullanımı, öğrenen organizasyonlar, farklı stratejilerin uygulanması, etkin kaynak kullanımı, çevre analizi, kararlılık ve denetim gibi konular üst yönetim tarafından sahiplenilmelidir. İşletmelerde üst yöneticilerin doğru strateji seçimi, yaratıcılığı, zamanında yapılan uygulamalar ile başarı elde edilebilir.

**Anahtar kelimeler:** İşletme, yönetim, strateji, rekabet, stratejik yönetim

#### 1. INTRODUCTION

It is known that life has changed and developed in the historical process as agricultural society, industrial society and information society. Production and management techniques have developed along with the Industrial Revolution. Industrial Revolution played an important role especially in technology and consequently economic developments. The technology used in conjunction with production factors (new methods and techniques) increases the competitiveness of enterprises and enables the development of the national economy and thus the increase in national income per capita. Establishing and implementing the right strategies in this context makes it easier for companies to gain advantage over intense competitive conditions. First of all, it is appropriate to explain the word strategy. The word strategy refers to all the means and methods employed to achieve a predetermined goal. In terms of the enterprise, it can be expressed as the whole of the methods and techniques that enable the determination of the objectives of the enterprises operating in the field of production or service for the future and the achievement of these objectives. One of the first areas in which the strategy is used is the military field, which is defined as the art and science of using military forces appropriately to achieve the goal in a war. Strategic management, on the other hand, has become one of the important tools used in achieving business objectives with the development of quality understanding and the widespread implementation of total quality management. In this context, there is a need for managers who have a dynamic characteristic. Predictive managements that

follow the developments and enable the organization to keep up with these changes can carry the business to success. The importance of strategic management was emphasized by evaluating the qualifications of senior management and the selection and implementation of the tools used.

### 1.1. Purpose of the Research

Production is the basis of economy. For profit-making businesses that produce products or services, the elements that will not change in the present and in the future as in the past are the profit and efforts to maintain its existence. In today's world due to the acceleration of technology development, changing environmental conditions and human behaviors have increased the importance of strategic management in enterprises. The purpose of this study is to emphasize the importance of the need for development and change oriented managers who meet the requirements of the era in order to implement strategic management correctly and successfully.

### 1.2. Importance of Research

With global marketing, ever-changing market and consumer behavior forces organizations to keep up with national and international change. The need for predictable, qualified dynamic management that follows the developments and can ensure the adaptation of the company to these changes is increasing day by day. It was aimed to do research on this subject and to emphasize its importance.

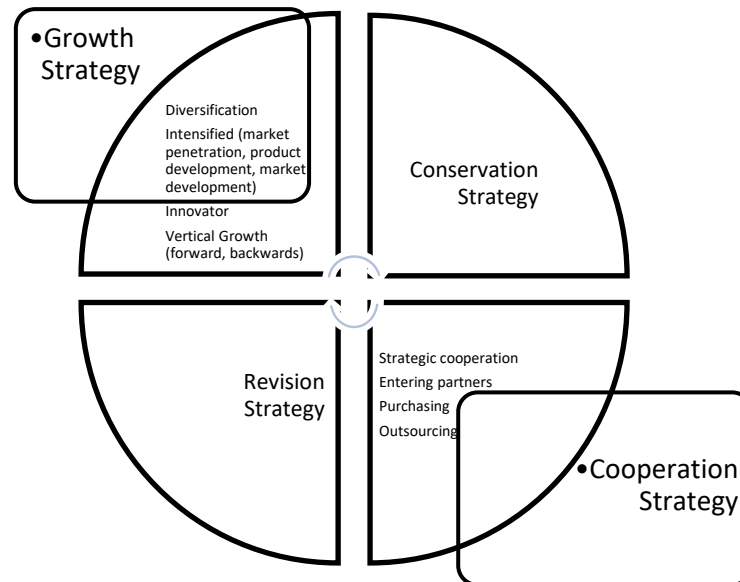
### 1.3. Method of Research

The study was carried out with the method of examining and evaluating the researches made in the literature. Research, articles and internet resources related to the topic were used.

## 2. CONCEPTUAL FRAMEWORK

### 2.1. The Concept Of Strategy

Today, there is a rapid change in many areas, especially in economic, political, sociological and cultural fields. In the face of this rapid change, business managements within the economy have to determine the right strategies to plan their future accurately. In order to create a flexible structure to keep pace with change, it is well-known that it is important for business managements to make fast and accurate decisions, to plan the future and to form proper strategies. The global economy, productivity growth, speed and flexibility have made it necessary for organizations to strategically change their structure to ensure their effectiveness. (Waititu, 2016). Although the right strategies have been identified, many factors are hindering the strategy implementation process. In this respect, availability of resources affects the process of implementation of strategic plans. Computer literacy of staff; preparation of organizational competences in parallel with organizational strategies; recruitment and selection process; technology levels; continuous development of competences and skills, the adequacy of staff and the funds allocated constitute resource factors (Maiche & Oloko, M. A., 2016). The main objective of the enterprise is to plan the future in such a way as to produce products and services with the desired characteristics and quality. Businesses determine strategies to achieve their goals in line with the vision they set. The place where enterprises want to be in the future is expressed by the concept of vision. The efforts towards achieving the vision are expressed with the concept of mission (Özer, 2015). In this respect, strategy is seen as planning the future. The Turkish meaning of strategy is orientation, sending and taking. In other words, it is the determination of the ways to reach the targets. A strategy is developed in order to implement the policies developed by the business management for the efficient use of its facilities and resources. In order to be successful in this matter, the subject must be owned by the top management (Özer, 2015). It is a matter of making decisions about where the enterprise wants to be in the future and this concerns the general organization. The plans to be created for the realization of business strategies are among the duties of the managers at all management levels. Strategies based on solid knowledge enable us to see the future and achieve accurate results for the organization's environmental analysis. Main organizational strategies include growth strategies, conservation strategy, revision strategy and cooperation strategy. The basic organizational strategies are shown in Figure 2.2.



**Figure 2.1.** Business Strategies (Alparslan & Çarıkçı, 2014).

In order to survive and succeed in challenging competition conditions, businesses must be structured to adapt to external changes and developments. (Çubukçu, 2018).

## 2.2. Strategic Approach.

The strategy implementation process of enterprises is seen as a process that ensures that the changing conditions are continuously taken into consideration even though the stability of an organization is complete and fast. (Lares-Mankki, 2014). The plans prepared for the organizations to achieve their long-term goals and all the actions taken to implement these plans are included in the concept of strategy. Muched PORTER strategy was defined as “position” in the 1980s. This concept is related to organization and markets. Position refers to the market situation of the organization. This strategy is based on the point where the customer meets the product. There are different markets for business development. On the other hand, the strategy point of view is that the organization itself conducts strategic research rather than the point where the product and the consumer meet. For today, strategy is an approach that reveals the decisions, boundaries and new understanding of the business environment. In other words, it is an approach that aims to exceed the expectations of the consumer and can change the rules as much as possible in this way. Together with the concept of strategy, strategic planning and strategic thinking concepts come to the fore. Strategic planning aims to plan the future of the organization from this day. The incorporation of thinking in strategic planning has led to the emergence of the concept of strategic thinking. The concept of strategic thinking has developed the concept of creativity (Usta & Öztayşi, 2019).

### 2.2.1. Strategy Development Approaches

It is a matter of concern how business managements form their strategies. Mintzberg defined the strategic decision as “art, science and craft, karar and, decision-making by applying learning and shaping in the process deneyim (Alparslan, & Çarıkçı, 2014). For strategic planning to be successful, it is important to select and implement the most appropriate strategy. Some of the approaches used in strategy selection are given below.

- ✓ Integrated Planning: Scientific methods are used to determine the strategy.
- ✓ Harmonized Research: It is aimed to find the most appropriate solution to the problem.
- ✓ Intuition approach: The manager acts entirely according to his / her own intuition.
- ✓ Approach to Determine Strategic Factors: Strengths and weaknesses that affect success or failure are revealed.

- ✓ Appropriate Approach for Choosing a Field of Activity: Conducting activities to meet consumer needs.
- ✓ Imitation Approach: Imitation of successful organizations in the same sector (Güçlü, 2003).

### 2.3. Strategic Objective

The necessary information should be analyzed before the strategic plan is prepared in the organizations. The strategic plan should be created with a flexible structural model in order for the enterprises to survive because the changing conditions in the market may require the products to be renewed structurally or in their processes. (Şağbanşua, 2006)

### 2.4. Strategic planning

The strategic plan can be defined as foreseeing the decisions to be taken regarding the future problems or opportunities that the organizations may face in today's information age. With the help of the strategic plans, the decision-making processes of the enterprises can be managed. With strategic planning, businesses plan their future from today's situation. Inadequate or unsuccessful strategic planning in the face of changes and developments has led to the development of strategic thinking. (Usta & Öztayşi, 2019). Strategic planning involves two basic models. These models are Basic Model and New Model. It can be said that strategic planning is an action plan that shows the things that should and should not be done on the way from the current situation to the situation that businesses want to be in the future. In order for the strategic plan to be successful, the adaptation activity from raw material resources to the organizational structure needs to be evaluated and the efficiency must be measured. It makes an important contribution in terms of competitive advantage and continuity. It is a tool which ensures the optimum suitability in micro and macro basis with strategy management, planning, activity, performance, evaluation and auditing (Demir, 2010).

The activities to be carried out in the strategic planning process are given below.

- ✓ Determination of organizational mission,
- ✓ Determining the objectives of the organization,
- ✓ Internal and external environmental analysis of the organization,
- ✓ Determination of strengths and weaknesses,
- ✓ Determining strategy alternatives and conducting audits,
- ✓ Choice of strategy,
- ✓ Implementation of the strategy,
- ✓ Evaluation of the implemented strategy (Kılıç, 2010).

#### 2.4.1. Basic Model

The same diagrams, methods and tables are used in the so-called basic models, but there are differences in applications. The main models used are:

Internal and external situation analysis is performed with SWOT analysis. Weaknesses and strengths of organizations are revealed. It can be said that it is one of the main techniques used in strategy determination.

All the enterprises in ANSOFF strategic planning are fixedly determined and firstly the location of the enterprise is determined. Product and market research is conducted; if the new product is decided, the areas to be worked are renewed. The most important feature of this model is the difference analysis. First, the target set is created, the current situation is compared with the objectives and the difference is determined. The strategy which minimizes the difference is selected. A strategy that minimizes the difference is preferred.

STEINER is a model that goes into detail in matters such as operating profit, price, manager, production, marketing and personnel.

### 2.4.2. New Model

The new model consists of four stages. These steps are situation analysis, direction determination, strategy determination and selection. The most important difference from the basic model is that there is a strategy or strategies. Another difference is direction determination. In the basic model, only targets are determined, while in the new model, concepts such as mission and target are used in the formation of the strategy. The third difference is feedback (Usta & Öztayşi, 2019).

### 2.4.3. Strategic Management, Mission and Vision

Mission and vision concepts are the most important concepts in determining the goals of the business in the near and far future (Kılıç, 2010). Mission is the written document which contains the purpose of establishment of the enterprises, that is, the reason of existence. The long-term objectives of the strategic management plans are determined by the vision. These concepts in the strategic management process are very important for a successful plan.

### 2.4.4. Strategic Competition

Strategies created with the aim of productivity and sustainability in enterprises provide competitive advantage. Business management manages the development process through strategic management. In this process, decisions are taken regarding the internal and external environment of the enterprise (Şağbanşua, 2006). The challenging competition environment faced by the global market necessitates the development of strong competitive strategies. The current and future situations of the enterprise are tried to be determined with long and short term strategic plans. Structural formation and development depends on managerial success of competitive advantages. In particular, due to technological developments, developing and integrated marketing enterprises have faced increasing competition in national and international arena. In order to tackle challenging conditions of competition, business management must determine their own paths and directions. So as to achieve the objectives, resources should be used effectively, the action plan to be implemented should be developed and implemented. Achieving competitive advantage depends on the preparation and implementation of the strategic plan different from the competitors. Resources should be used to provide maximum benefit in meeting the changing conditions, changing customer demands and needs in the fight against competitors. In this context, top managers should determine the techniques to be used, the direction and the way to be taken. Success can be achieved through the implementation of the strategic plan and supervision (Demir, 2010).

The strategic planning process is shown in Figure 2.1.

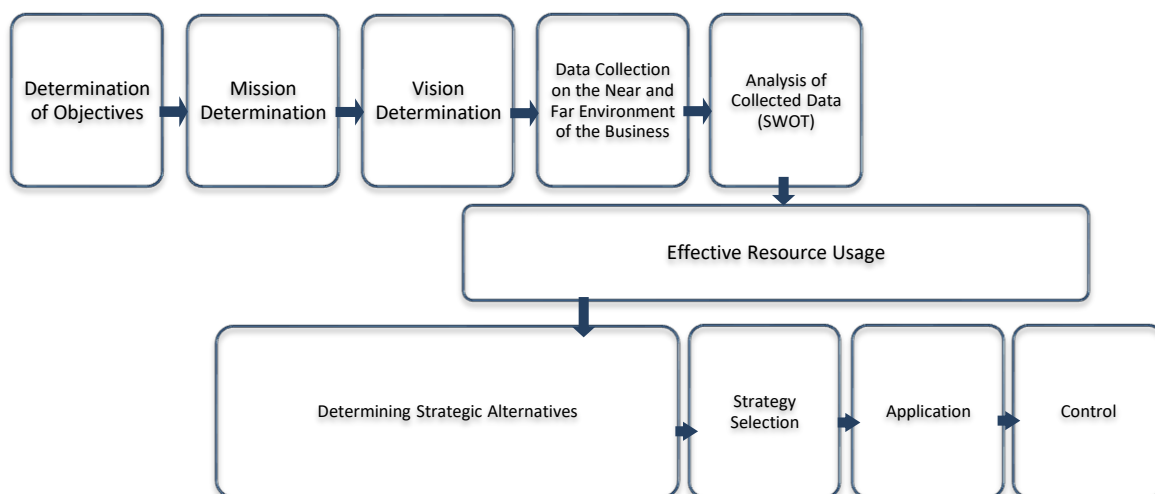


Figure. 2.1. Strategic Planning Process (Demir, 2010)



### 3. STRATEGIC MANAGEMENT

It is seen that the concept of strategy in the field of management gained great importance especially in the 1970s. While initially, multinational companies and holdings used strategic management as a tool, nowadays it is also used in non-profit organizations such as private companies, public sector and foundations. Within the scope of strategic management, business management focuses on What, Why, When, Where, How and Who questions. Finding the right answers to these questions is very important for success. Why is Strategic Management necessary? The following answers can be given to the question.

- ✓ Enabling the organization to be productive and profitable
- ✓ Adopting and conducting strategic management,
- ✓ Accurate internal and external environmental analysis of the enterprise,
- ✓ Effective use of resources,
- ✓ To be compatible with changes and developments,
- ✓ Implementation of management functions such as planning, organizing, coordination, implementation and control
- ✓ Aiming a rational decision-making process,
- ✓ Establishing the right strategies and policies,
- ✓ Carrying out team work,
- ✓ Benefiting from total quality management techniques (Barca, 2009).

Strategic management plan should be prepared and implemented in order to achieve the objectives of business management, to gain competitive advantage, and to adapt to the conditions that arise in the event of a crisis. Thus, an opportunity can be created for enterprises to excel in this challenging competitive environment. In order to be successful, it is important for business management to undertake strategic planning. (Özer, 2015) The role of managers in the strategy implementation process is complex and involves both operational and strategic aspects. Therefore, it is essential to ensure the consistency of the actions. Functions performed with knowledge or experience can contribute to long-term success (Radomska, 2014). In the study which emphasized the meaning of change management in the process of strategic plan implementation, it was evaluated as a repositioning of a dead system model. These changes require creativity, innovation and perception in an organization in process categories (Markiewicz, 2011). Management of strategic change is a method or process used to facilitate change. In this process, the use of developments in culture, structure, process, human and technology, leadership styles and even the physical aspects of the working environment take place. This structure defines how to deal with the current and the future situation (Otiso, 2008). Organizational culture also has an inevitable effect on strategies. Business management should act with this effect in mind when formulating its strategies (Ekşi, 2009). Employees' acceptance of organizational values can lead to the development of reactive subcultures and countercultures. Thus, leaders should try to understand the organizational culture well before trying to correct it (Jaskyte, 2004). Strategic management focuses on the methods and techniques used in the process. However, in addition to these efforts, human resources should be mobilized in this direction and the qualifications of the employees should be increased (Özer, 2015). An appropriate organizational system should be established and implemented for the successful implementation of strategies in enterprises (Efil, 1999). Implementation of strategies depends on strategies, structural status of the enterprise, accuracy of information, audit systems, management of qualified human resources and coherent leadership (Bayraktaroğlu, 2002, akt. Özer, 2015). Strategic management is the key to the survival of any organization. A strong strategy can be created to be sustainable and competitive advantage can be achieved. Managers should pay more attention during the implementation of the strategy (Rajasekar, 2014).

#### 4. CONCLUSIONS AND RECOMMENDATIONS

In strategic management, there is basically a relationship between the internal and external environment of an enterprise. Achieving the goals of the enterprises can be easier to the extent that they act in accordance with the behaviors expected from them. In order to reach the right results, it is necessary to obtain the right information and analyze it well (Sevinç, 2014). Strategic management is all of the organization's efforts to make decisions that affect their future locations. Strategic management contributes to increase productivity and profit by analyzing the data they obtain (Özer, 2015). In the study of Özalp et al., it was concluded that strategic tools were used extensively and it was understood that most of the business managers used strategic tools. (Özalp, vd., 2012). At this point, another significant point is the need for managers having a dynamic quality. Otherwise, it is inevitable for them to face chaos and crisis after a while. It is not enough for an enterprise to have certain capabilities to be successful. In order to be successful, the support of management plays an important role in the formation and implementation of the right strategies. Establishing the right strategy depends on the success of the internal analysis in order to learn and apply the capabilities of the enterprise (Erol, 2017). In The success of businesses in their situation and in the future depends on their learning abilities and speed (Barca, 2009). It is an important step towards achieving sustainable success by revealing the strengths and weaknesses of itself and its competitors through the analysis of the organizations' immediate and distant environment. Success depends on the right strategic decisions and implementation (Özer, 2015). Strategic tools are a very important issue in the literature and strategic management. Success is achieved with the right tool selection, creativity and correct and timely applications of top managers (Özalp, vd., 2012). In order to determine and implement the right strategies, it should be taken into consideration that the internal analysis and the features of the managers are as important as the internal analysis. It was determined that the managers' training on management affects their perceptions about strategic tools (Özalp, vd., 2012). The importance of the training received from managers is evident in the harmonization of enterprises with the structurally changing environment. Strategic management is one of the important tools for business success, but it is not enough. In enterprises where strategic management is applied, quality management techniques (at all stages of the processes) should be supported with optimum price policy by reducing costs without sacrificing quality. In all strategic plans to be prepared, changing and developing conditions should be taken into consideration and business objectives should be adopted by all employees. In the face of developing and changing technological conditions in businesses, the presence of appropriate workforce and management are among the important elements. Organizational culture should support the structure of the business that keeps pace with change. Managers can help their businesses become more open to innovations in terms of adapting to the changing conditions, encourage innovation, and develop cultures both structurally and in the context of the workforce. Top management should be responsible for effective use of time, employee - technology compatibility, implementation of different strategies, effective resource use, internal and external environmental analysis, crisis management, stability and supervision.

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