

NEW DIMENSION IN MANAGEMENT

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ABSTRACT

Globalization, liberalization, privatization and corporatization have created such a 'war-game' in the economic field that it cannot be encountered by traditional management techniques. Planning and managing of business activities has been done keeping in view the profit, cost and production requirements of the traditional management practices. New environmental challenges and opportunities included by the growing role of multinational corporations and the cut-throat competition among corporations to increase market share, have forced managers of think and act' strategically. Strategic management focuses on establishing consistency between organizational strengths/weaknesses and opportunities/threats along with profit production and effectiveness, Its essence motivates managers to see the future along with the present to adopt strategy accordingly, to adjust continuously with its environment, to re-engineer all business processes according to internet and e-commerce and to follow the best possible practices. The concept of strategic management has rapidly gain popularity in the businesses would in the last two decades.

KEYWORDS: *Globalization, Liberalization, Privatization, Corporatization, 'War-Game.*

Introduction

The purpose of strategic management is to exploit and create new and different opportunities for tomorrow. It is a analytical thinking process and commitment of resources to action rather than a box of tricks or bundle of techniques which includes (a) determination of long term mission of the organization (b) formulation of objectives (c) environmental appraisal and analysis (d) evaluation of organization strengths and weakness (e) formulation of various strategies (f) implementation of best strategy, and (g) assessment and monitoring of the outcome of this strategy.

So far as the role is concerned strategic management has become the most trustworthy sign of good management in many large corporations. It has been proved by many research studies which say that the businesses which perform format strategic planning and management have a higher profitability of success than those which do not, because of the following reasons: (i) It serves as a route map for the corporation (ii) It provides the best possible fit between the firm and its environment. (iii) It prepares the firm to not only face the future but even to shape the future in its favour. Infact, strategic management allows an organization to be more proactive rather than reactive in shaping its own future. It allows an organization to initiate and influence activities and thus to mould its own destiny.

Although strategic management helps managers to anticipate changing conditions and opportunities it cannot be a solution to all business or managerial problems because of environmental uncertainty. Certain situations force the top management to make way for strategic awareness so as to provide them with a strong foot-hold in the global world which faces rapid and unpredictable upheavals. The perpetual fall in the performance graph of corporations, the unexpected and absolutely mind blowing moves made by competitors and the scandals and whistle blowing attitude of the indifferent staff provide the stimulus to the management and compels it to reassess its current strategy and position. Strategic management here proves to be the most trust worthy sign of good management.

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Strategic management is not a box of tricks of a bundle of techniques. It is analytical thinking and commitment of resource to action. The Primary Task of management is to make decision and take action upon those decisions, This task determines the excels, survives or existence of an enterprise. Simply, this process is known as, strategic management. The job of strategic management is to make the best use of a firm's resources in a changing environment. To a large extent, the success, failure of stability of a firm depends on strategic management. On the one hand, all types of organizations are running in a continuous changing situations, while on the other, Various internal and environmental pressure have made it imperative for a manager to think and act strategically, Traditionally, organizational strategic management has revolved amount competitive marketing actions, Currently, most of the organizations have recognized that the strategic process is much more complex, Therefore they have focused their efforts on virtually all key environment factors, not just on the customers, suppliers and competition. Thus strategic management is concerned with matching organizational resources with the external environment. It is related with making long range decisions relating to an organization and its environment. It helps in dealing effectively with the internal activities as well as the environmental pressure and allows more accurate anticipation of environmental changes and improves preparedness for reacting to unexpected internal or competitive demands.

Nature of Strategic Management

According to Fred R. David "strategic management can be defined as the art and science of formulating, implementing and evaluating cross-functional divisions that enable an organization to achieve its objectives" It focuses on integrating management, marketing, finance and accounting, production/operations, research and development, and computer information systems to achieve organizational success. The purpose of strategic management is to exploit and create new and different opportunities for tomorrow. Thompson and Strickland opine the strategic management (i) serves as a route map for the corporation (ii) lends a framework for systematic handling of corporate decisions (iii) lays down growth objectives of the firm and also provides strategic needed for achieving them ensures the firm remains a prepared organization, (v) ensures best utilization of the firm's resources among the product-market opportunities (vi) serves as a hedge against uncertainly arising from environment turbulence (vii) provides the best possible fit between the firm and the external environment (viii) helps build competitive advantages and core competence and (ix) prepares the firm to not only face the future but even shape the future in its favour.

Strategic management has been getting wide acceptance in the business world since 1980. In the beginning is accepted only by executives of developed nations, but today most of the multinationals and large corporation have adopted it. Now executives and managers assume the strategic management is only the approach on which success or failure of a corporation depends to a large extent. Globalization,

Fred R David opines that 'strategic management allows an organization to be more proactive than reactive in shaping its own future. It allows an organization to initiate and influence activities and thus to exert control over its own destiny" He feels that businesses using strategic management concepts show significant improvement in sales, profitability, and productivity compared to firms without systematic planning activities. In addition, strategic management offers other tangible benefits, such as enhanced awareness of external threats, an improved understanding of Competitors strategies, increased employee productivity, reduced resistance to change and a clear understanding of performance-reward relationship' He explain that strategic management offers the following benefits :

- It allows for identification, prioritization and exploitation of opportunities, and provides an objective view of management problems.
- It represents a framework for improved coordination and control of activities, and minimises the effects of adverse conditions and changes.
- It allow major divisions to better support established objectives, and allows more effective allocation of time and resources to identified opportunities.
- It allows fewer resources and less time to be devoted to correcting erroneous of adhoc divisions, and provide a cooperative, integrated and enthusiastic approach to tackling problems and opportunities.
- It creates a favourable attitude toward change and encourage forward thinking.

- It creates a framework for internal communication among personnel and helps integrate the behaviour of individuals into a total effort.
- It gives a degree of discipline and formality to the management of a business.

Limitations

Although strategic management helps managers to anticipate changing conditions and opportunities it cannot be a solution to all business and managerial problems because of the following reasons.

- Environmental conditions are changing so fast that managers cannot do any long range planning.
- Objectives, set by managers are usually vagues and general.
- Usually managers pay little attention to research.
- These are many reasons for success of an organization, Strategic management may be one of them. In Practice, we may see that many firms are effective without formal planning and strategic management.

Forces Raising Strategic Awareness

In Spite of the above limitations, there are a number of situations or actions which-can help to raise or are forcing to raise the strategic awareness of the top management. Cliff Bowman, in this context, has explained the following situations:

- A serious downturn in performance is encouraging top management to begin reassessing the appropriateness of current strategy.
- A surprise move from a major competitor can act as a stimulus to the top management.
- Scandals and 'whistle blowing' from disaffected managers, staff or customers can provoke an urgent need to reappraise the organization's position.
- A newcomer to the top management group (for example, new chief executive officer) can be the catalyst for strategic change.
- A programme of management development can start people questioning the status quo.
- The need to raise capital may require the preparation a business to satisfy investors that the firm has a viable future strategy.
- Takeover by another corporation that requires the submission of formal plans and budgets.

It is also fact that some firm do not use strategic management or develop sound strategic management processes. Some of the most important reasons are as follows:-

- There is a lack of awareness within the top management team of the organisation's true situation. This could be due to poor information systems which do not provide correct and timely information to the top management to judge the correct position of the firm with respect to the competitors, customer trends and preferences, relative costs etc.
- The senior managers are collectively deluding themselves about the organization's position. Because of paradoxical views, they reinterpret or ignore unpleasant information that does not fit in with their preferred way of looking at the world.
- There are some powerful managers who have a vested interest in maintaining the status quo. They know that their position and status depends upon the perpetuation of the existing strategy and new strategic view can lower or change their position.
- If a firm is successful, some managers may feel that there is no need of strategic management because things are fine as they stand. But success today does not guarantee success tomorrow.
- By not taking action, there is little risk of failure unless a problem is urgent and pressing, whenever something worthwhile is attempted there may be some risk of failure.
- In most of the firms, top management is usually too locked into everyday problem. This neither gives the managers any time to consider long term issues nor does it prepare them to take a strategic perspective on the organization.
- Managers may have a bad previous experience with strategic view, i.e. cases in which plans have been long, cumbersome, impractical or inflexible. Strategic management like anything else, can be done badly. In additions, past success in the organization can make people blind to

the current situation the organization faces. It encourages management to stick with tried and trusted strategies which may be inappropriate to present and future circumstances.

- Poor reward systems may also discourage strategic management. In this situation, every manager knows that it is better for him to do nothing than to risk trying to achieve something.
- An organization can be so deeply embroiled in crisis management processes.
- Some firms may see strategic management as a waste of time since no marketable product is product. Time spent on development sound management processes is an investment.
- As managers amass experience, they may less rely on strategic management processes. Rarely however, is this appropriate. Being overconfident and overestimating experience can bring demise. Strategic perspective is rarely wasted and is often the mark of professionalism.
- Managers may be uncertain of their abilities to learn they new skills, of their aptitude with new systems, or of their ability to take on new rules.
- Changing direction can be seen as an admission that what done before a mistake was. This makes managers who are closely identified with these past decisions reluctant to see the organizations move off in a different direction.
- Managers may sincerely believe that strategic perspective is wrong. They may view the situation from a different perspective, or they may have aspirations for themselves of the organization that are different from the strategic view.

In short, strategic management has become the most trustworthy sign of good management. It helps managers to anticipate unpredictable and surprise moves made by competitors and provides them a strong foot hold in the quicksilver global business world. It allows an organization to be more proactive than reactive in shaping its own destiny and creates new and different opportunities for tomorrow. This is the only basis of success, long term growth, safe existence and benchmarking level of any organization.

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