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ADVANTAGES AND DISADVANTAGES OF THE STRATEGIC MANAGEMENT IN THE ECONOMIC CONTEXT

Abstract

Strategic management is the ability to manage environmental turmoil and change. In this sense, strategic management means anticipating the future, directing the future and managing the future, rather than waiting for the future.It requires companies to be managed in a way that can act as improvisation in a rapidly changing environment. [4] From a strategic management perspective, companies that have the ability to assess the environment and see the future determine a common goal and coherence as a whole. In this way, companies create a framework by planning their activities, transferring them to certain departments, and better assessing themselves. This increases the quality of companies' decisions and projects. Strategic management forms a set of decisions, methods and principles for planning, managing and implementing results, evaluating and managing them by developing effective strategies to achieve predetermined or subsequently considered goals. [5]

This article describes what kind of advantages and disadvantages of the strategic management in the economic context has.

Key words:*strategic management, legal issues, advantages, disadvantages, company, decisions, strategic plan*

Validə Rafiq qızı Ədilova

İqtisadi kontekstdə strateji idarəetmənin üstünlükləri və qeyri-üstünlükləri

Xülasə

Strateji idarəetmə ətraf mühitdəki qarışıqlıqları və dəyişiklikləri idarə etmək bacarığıdır.Bu mənada strateji idarəetmə gələcəyi gözləmək deyil, gələcəyi qabaqlamaq, gələcəyi istiqamətləndirmək və gələcəyi idarə etmək deməkdir.Bu, şirkətlərin sürətlə dəyişən mühitdə improvizasiya rolunu oynaya biləcək şəkildə idarə olunmasını tələb edir. [4] Strateji idarəetmə nöqteyi-nəzərindən ətraf mühiti qiymətləndirmək və gələcəyi görmək qabiliyyətinə malik olan şirkətlər bütövlükdə ümumi məqsəd və istiqamətlərini müəyyənedirlər. Bu yolla şirkətlər fəaliyyətlərini planlaşdırararaq müəyyən departamentlər arası vəzifə bölgüsünü təmin edir, nəticədə özlərini daha yaxşı qiymətləndirmək üçün çərçivə yaradırlar.Bu isə özlüyündə şirkətlərin qərarlarının və layihələrinin keyfiyyətini artırır.Strateji idarəetmə, əvvəlcədən müəyyən edilmiş və ya sonradan nəzərdən keçirilən məqsədlərə nail olmaq üçün effektiv strategiyalar hazırlamaqla nəticələrin planlaşdırılması, idarə edilməsi və həyata keçirilməsi, onların qiymətləndirilməsi və idarə edilməsi üçün qərarlar, metodlar və prinsiplər toplusunu formalaşdırır. [5]

Bu məqalədə iqtisadi kontekstdə strateji idarəetmənin üstünlükləri və qeyri-üstünlükləri təsvir olunur.

Açar sözlər: *strateji idarəetmə, hüquqi məsələlər, üstünlüklər, qeyri-üstünlüklər, şirkət, qərarlar, strateji*

Introduction

Without strategic thought, current management is impossible. The management must understand the company's strategic position, the impact of changing conditions, the company's internal and external environmentand the best moment to alter strategy. [4]

The benefits of strategic management and how they have manifested themselves in their respective activities were disclosed after a thorough investigation of a representative sample of enterprises of

diverse profiles, sizes, and economic and financial conditions. The following are the most important advantages:[11]

- Assures the company's ability to avoid problems. Managers who focus employees' attention on planning are aided in their monitoring and planning tasks by subordinates who understand the importance of strategic planning;
- Provides links between decision-making processes and organizational goals;
- Supports the solution of problems and conflicts in a short time;
- Brings an objective approach to organizational issues;
- Provides unity in thought and action at all levels of the company. All other aspects controlling the functioning of the corporation - partial strategies, policies, plans, programs, responsibilities, and so on - are defined against the company strategy. Even though the firm's units and subcomponents have a high degree of functional autonomy, the overarching strategy is the common denominator to which management is constantly reported. Business strategy, as defined by its top management, serves as the foundation for specifying the related parts in each unit;
- Ensures that strategic decisions are consistent with tactical and current ones, and that all operational and functional units within the company are better coordinated;
- Contributes to the clarification and comprehension of the company's mission and purpose, thereby increasing employment of all employees for their success and the company's strategy, generates and develops an entrepreneurial culture, and plays a key role in assuring long-term efficiency;
- By defining explicit strategies, strategic management process aidsto improve employee motivation and reduce resistance to change by having a better understanding of the performance-reward relationship, as well as knowing the limiting factors and alternatives, in order to create a more suitableclimate for developing and enhacingthe company's performance;
- It considerably enhances the company's economic and financial outcomes, accelerates its development and strengthens its market position, and significantly enhances its competitiveness;
- It is the best suitable type of management for anticipating future challenges, opportunities, and dangers that the company will face, in which the speed of change continues to accelerate in many areas of business;
- Strategic management allows company to assess its external and internal environment. Also allows to analyze the strengths and weaknesses of the internal environment of companies and to determine its position in relation to other companies.

Although strategic management has numerous advantages, such as lowering resistance to change and encouraging collaboration, it also has numerous disadvantages. The strategic management process is detailed, time-consuming, and difficult to implement, it necessitates careful planning to prevent mistakes.

The firstly,**the possibilities for strategic management are limited**. There are some restrictions onusing strategic management, demonstrating that this management style andlike others, is not universal for all situations and challenges.

Strategic management is **incapable of providing a precise and complete image of the future.**Rather than a detailed description of a company's internal state and external environment, the method of describing a company's future in detail is a mix of qualitative wishes for the state in which the company wants to be in the future, what market and business position to take, and what organizational culture to have. [14]

The thirdly, **strategic management cannot be reduced to a set of standard operating processes, policies, and timetables.** It has a philosophy that explains how to solve difficulties and what to do in different scenarios.

Another downside is time-consuming. Managers spend a lot of time planning, researching, and communicating the strategic management process, which can slow down daily operations and have a negative impact on the company. For example, managers may overlook daily concerns that need to be addressed, resulting in lower employee productivity and short-term sales. More personnel turnover may

occur if problems are not remedied immediately. This may compel a corporation to reroute crucial resources, delaying major management goals. [13]

Furthermore, **the strategic management implementation process necessitates a well-communicated strategy** that is carried out with the full attention, active participation, and accountability of not only company leaders, but also all members of the organization. To ensure buy-in and gather support for the company's objectives and mission, managers must constantly establish and strengthen synergies among employees. This can be extremely difficult in some circumstances. For example, if a manager was involved in strategic formulation but not equally in implementation, he may not feel accountable for decisions.

To complete Strategic plan can be expensive. There is no doubt that many non-profit organizationsare unable to obtain the services of legal counsels to aid them in creating their strategy.Today there are many volunteers that can help smaller groups, as well as funding sources that will cover the expense of engaging external legal counsels in developing a business strategy. Regardless, it's critical to make sure that a strategic management process' implementation aligns with the company's objectives and that proper controls are in place to allow for a cost-benefit analysis prior to implementation.

It also necessitates skillful preparation. While strategic plans might help to reduce uncertainty when it comes to achieving long-term objectives, the planning process itself can lead to errors. A company must plan for the future, which implies varied degrees of risk and change. To avoid mistakes, managers must have the essential skill sets to establish the strategy and eliminate risk factors. [1] Managers should, for example, keep an eye on market conditions, competitive dynamics, and economic variables that could affect the company and develop business contingency plans to address them.

Strategic management is more of a business and management concept or ideology. Every manager recognizes that and strives to achieve it in their own unique way. Of course, there are guidelines, regulations, and flowcharts for analyzing problems and selecting and implementing strategies. However, the overall strategic management practice is strong employee professionalism and innovation, which links the business to the environment, renews the organization and its products, and accomplishes current goals.

The biggest dangers of a lack of strategic management will have a direct impact on industrial companies. Because the most important function of strategic management is to build harmony between the departments of marketing, production and research and development. In the absence of strategic management, department managers will interact with each other in a different way. [6] As an example,while a marketing manager spends a lot of money to increase the range of his products, the head of research and development will take the path of preparing a new production change on his own and will not meet the needs of the market. In some cases, strategic management, which is important for companies, does not produce the expected results for various reasons. [10] Examples of these are:

- Lack of knowledge and experience in strategic management.
- Organizational reward systems are not related to strategic management processes.
- Evaluate the strategic management process as a waste of time.
- Assess the strategic management process as an expensive process that will waste time and resources.
- Reluctance of individuals in the organization to participate in strategic management processes for personal reasons.
- Lack of extra effort in successful organizations due to the belief in the sustainability of success.
- Past bad experiences of individuals due to long-term, difficult and risky strategic management processes.
- Perception of various changes in strategic management as a threat.
- Avoiding various uncertainties in the strategic management process.
- Various misconceptions in the process of honest strategic management by individuals.

Conclusion

Even if it is informal, unstructured, and irregular, every organization has a strategy. All organizations are moving in the same direction, although some aren't sure where they're going. The old proverb "If you don't know where you're going, any road will get you there!" underlines the importance of strategic management concepts and approaches in businesses. Small enterprises, large firms, charity organizations, government organizations, and multinational corporations are increasingly using the strategic management method. [10] Managerial and employee empowerment are offered nearly limitless benefits.

In their business, companies should take a proactive rather than reactive approach, they should fight to influence, predict, and initiate rather than just react to events. By making decisions, strategic management incorporates this process. To establish its future course, this is a rational and objective technic. [9] The stakes are frequently too great for strategists to choose between various action developments just on the basis of intuition. Successful strategies take the time to consider their business, where they are now, and where they want to be as an organization, before attempting to execute programs and policies to get to where they are now in a fair amount of time.

Any business should use strategic management to achieve its goals as efficiently as possible and to ensure its survival in the current dynamic and ever-changing environment. As a result, it helps to maintain a balance between economic growth and environmental conservation, allowing it to meet not only current but also future social development needs.

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