

APPLICATION OF STRATEGIC MANAGEMENT FOR BUSINESS PLANNING AND DECISION-MAKING IN BUSINESS ENTERPRISES



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ABSTRACT

Strategic planning can be said to enable the organization to determine the direction in which it will move. The key task of strategic planning is the achievement of set goals in the best possible order. Through the process of strategic planning, the organization determines its goals, priorities and strategies, and defines measures for assessing the success of achieving those goals. Strategic management is a continuous process that enables the maintenance of the organization as a whole and is manifested as such through a series of chapters.

The process of strategic management itself begins with an analysis of the environment, this analysis is usually called scanning the environment in order to identify strategic factors (internal and external) that will determine the future of the organization. Many management tools are used to scan the environment. Thus, through the process of strategic management itself, it continues through setting the direction of the organization, formulating and implementing strategies and finally controlling and evaluating the selected strategies.

All these stages are accompanied by backlinks. A strategic plan represents an integrated set of strategic and operational goals and activities, which are needed in order to achieve the desired result in the future (often defined as the "mission" or "vision" of the organization). The strategic plan shows the priorities to be achieved in the next few years, which will lead to the strategic priorities.

KEYWORDS: *management, strategies, control, implementation, manager*

Field: *social humanistic field*

INTRODUCTION

Planning enables better organization direction, greater flexibility and better coordination of work, while management is a process by which inputs are transformed into outputs, which is preceded by planning that enables better organization direction, greater flexibility and better coordination of work. It is good for any organization to have a strategy. Strategic management creates a shared vision that guides decisions, actions and people in the organization. The stages of the strategic management process form the core of the process itself and its main components.

By thinking strategically, managers take a broader and longer-term view of the organization's future and realize the key reason why organizations plan in the first place. In doing so, they have the opportunity to learn about the environment of their responsibilities and obligations, and achieve the set goals on a larger scale and in the longer term in accordance with strategic planning. Therefore, the concepts of strategic management and strategic planning are connected, because without quality plans, the management of a certain organization makes no sense. The activities of strategic plans are divided into higher and lower levels of management, so strategy formulation remains at higher levels and implementation at lower levels.

These are general activities aimed at the future of the organization. A strategic manager must have a strategy that he can implement in the organization, and in this way he thinks long-term, taking into account all the circumstances of the business. Strategic management as a concept has evolved over time and will continue to evolve. However, due to the lack of consensus on the meaning of the term, semantic confusion still reigns. Considering that, it is necessary to give several of its basic definitions. Wheeelen and Hunger define strategic management as a set of managerial decisions and actions that determine the company's long-term performance.

Picture. 1



Source: https://howgotjob.com/wp-content/uploads/2021/07/pyramid-with-up-arrows-and-copyspace-showing-growth-or-progress_zkvQtQDO-300x272.jpg

Pearce and Robinson define strategic management as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve the company's goals. Certo and Peter define strategic management as a continuous, iterative process aimed at maintaining the organization as a whole appropriately shaped according to its environment. First, strategic management is a continuous process that continues in the company, regardless of the fact that some of its activities are more prominent and some less prominent at the observed moment.

It is the duty of managers to always focus on some aspects of strategic management. Second, the involvement of managers in the process of strategic management is manifested in a series of stages that begin with the analysis of the environment and continue with the setting of organizational direction, formulation and implementation of strategy, and control and evaluation of the existing strategy. Third, in the process of strategic management, managers make a series of decisions and take a series of actions aimed at achieving the company's goals expressed through certain performances.

RESERCH RESULTS

The main goal of strategic planning is to clearly determine the nature and character of the organization and sector that it represents and manages its development in the future.¹ The key reason why Organizations plan in general is that planning helps them achieve the set goals therefore, strategic planning enables the same on a larger scale and in the longer term.² Strategically planning (strategic management) of the organization is a prerequisite for long-term and sustainable business operations of the organization.

It implies that the organization has an appropriate strategy harmonized with the external conditions on the market, as well as the internal settings of the organization, such as personnel and other resources. Analyzing the environment or surroundings implies the investigation of all more important characteristics of both the external and internal environment with the purpose of identification strategic factors that can determine the future of the company.

Picture. 2



Source: https://www.lblstrategies.com/wpcontent/uploads/2019/01/Strategic_Management_Process_Detail_Concept_12.jpg

Environmental analysis in the identification of strategic factors can be seen as decision-making support for formulation strategy, and is carried out at the very beginning of the strategic planning process. Considering large number of factors, managers use numerous tools that allow them to better understand the current state, and sometimes an assessment of future trends.³ Strategic planning has the following basic characteristics:⁴

1. *Takes into account the analysis of the environment in which the institution works - strategic planning relies heavily on the results of the analysis of the environment in which the organization works, on which it has very little influence. Various factors from the environment, such as, for example, demographic trends, macroeconomic situation, political trends, social movements, etc., can have a decisive influence on the results of the organization.*
2. *It provides a medium-term framework for the institution's work - the strategic plan, among other things, is created to achieve continuity and consistency of the organization's activities, which leads us to create a plan with as long a time frame as possible. On the other hand, constant changes in the environment require flexibility and a*

¹ Milanovic, M., (2010). Manual for strategic planning, Development program of the United Nations (UNDP) in Bosnia and Herzegovina, Marshal Tito 48, 71000, Sarajevo.

² Kadlec, Z., (2013). Strategic management vs. strategic planning, College of Management in Tourism and Informatics in Virovitica, pg. 1

³ Buntak, K., Drozdek, I., Sesar, V., (2013). Business management, collection of tasks, practicum, Varazdin, University of Varazdin, pg. 17.

⁴ United Nations Development Program(UNDP) in Bosnia and Herzegovina, Marshal Tito 48,71000,Sarajevo,pg. 12.

long planning period reduces the precision of the plan. Therefore, a good choice of time frame for which a strategic plan is made is 3-5 years.

3. *Dynamic process* - due to the fact that the environment is constantly changing and it is very difficult to predict future events with certainty, planning is a continuous process. Adaptation of the plan to new requirements in the environment is done every year.
4. *Basis for resource allocation* - in order for the plan to be achievable, the strategic planning process must be integrated with the budgeting process so that the final resource allocation reflects the ministry's choice of priorities, which will contribute to the development of the sector for which the ministry is responsible.

Strategic management is an exciting process that enables an organization to shape its future through action rather than reaction.⁵ Strategic planning includes three key issues:

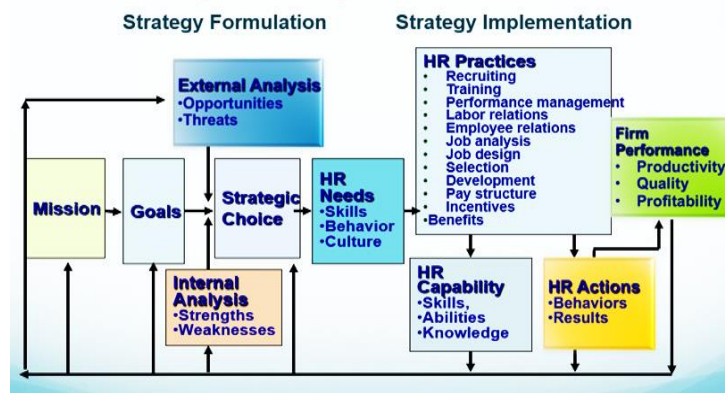
1. *Where are we now?*
2. *Where do we want to go?*
3. *How to achieve that?*

Through the process of strategic planning, the organization determines its goals, priorities and strategies, and defines measures for assessing the success of achieving those goals. Therefore, the strategic plan represents an integrated set of strategic and operational goals and activities, which are needed in order to achieve the desired result in the future (often defined as a mission or vision of the organization).⁶ The strategic plan is usually accompanied by the preparation of annual work plans, which they define in more detail the responsibility for the execution of the plan, the deadlines, the necessary resources and possibly organizational and operational steps that need to be done in order to achieve the goals defined plan.⁷ Strategy implementation is the process by which strategies and policies are put into practice action through the development of programs, budgets, procedures and rules. Without effective implementation strategies, the company is not able to reap the benefits of the conducted situational analysis, the established organizational direction and the formulated strategy. That's why I'm successful by implementing the strategy, the management must have a clear idea about the individual difference questions such as:⁸

1. *what changes are necessary in the organization when implementing a new strategy?*
2. *how best to master the organizational culture to ensure that the strategy is smoothly indirectly implemented?*
3. *how are strategy implementation and different types of organizational structure related?*
4. *what different implementation approaches can managers follow?*
5. *what are the manager's skills necessary to help him in successful implementation strategies?*

Picture. 3

Strategic Management Process Model



Source: <https://th.bing.com/th/id/R.37de762147b95c81bee717c9ea290e2d?rik=3N9Gwwt4JnOuKg&pid=Img>

⁵ Buntak, K., (2010). Business management: planning. pg. 68.

⁶ United Nations Development Program (UNDP) in Bosnia and Herzegovina, Marshal Tito 48, 71000, Sarajevo pg. 12.

⁷ Milanovic, M., (2010). Manual for strategic planning, Development program of the United Nations (UNDP) in Bosnia and Herzegovina, Marshal Tito 48, 71000, Sarajevo.

⁸ Buble, M., Cingula, M., Dujanic, M., Dulcic, Z., Gonan B. M., Galetic, L., Ljubic, F., Pflifer, S., Tipuric D., (2005). Strategic management, Zagreb, Sinergija publishing house, pg. 12

This process may involve changes within the entire organization, and is usually carried out by him middle and lower level management with the supervision of top management. Implementation strategy often involves day-to-day decision-making about resource allocation, which requires use operational planning.⁹ Strategic control and evaluation form a special type of organizational control that is directed to the monitoring and evaluation of the strategic management process for the purpose of ensuring it full functionality and further improvement.

This is achieved by monitoring current performance and their comparison with established standards so that it could be established possible deviations and their causes and take measures to eliminate these deviations. So managers at all levels of the organization based on the information that results from the process controls and evaluations, take corrective actions and solve the problems that arise. In order to do that performed successfully, it is necessary for them to understand:¹⁰

1. *the process of strategic control and evaluation and the role of strategic audit in it*
2. *managerial information system and the possibility of its addition through the strategic process controls.*

Although control and evaluation are the final stage of strategic management, they can be precise to determine the weaknesses in the previous stages and in this way to influence them to be removed in the new one cycle of strategic management. The actual implementation of the strategic management process in organizations is usually very complicated, as shown by an overview of the basic tasks of strategic managers:¹¹

1. *Determining the mission - deciding on the job or jobs that the company or division will engage in and other foundations on which it will be run, as well as business characteristics such as continuous growth. The mission is usually permanent and timed unlimited.*
2. *Formulating the philosophy of the company - determining beliefs, values, attitudes and unwritten guidelines that turn into "the way we do things around us!"*
3. *Establishing policies - deciding on action plans to guide everyone's performance the main activities in the execution of the strategy in accordance with the philosophy of the organization.*
4. *Setting goals - deciding on the implementation of tasks within the defined time frame.*
5. *Objectives are narrower than the mission and are designed to help execute operational plans execution of the strategy. Strategy development - development of concepts, ideas and plans for successful achievement of goals and catching up and attacking the competition.*
6. *Organizational structure planning - development of an organization plan and activities that help people work together to implement activities related to strategy, philosophy and politics.*
7. *Staffing - recruitment, selection and development of people to fill positions in the organizational plan.*
8. *Establishing procedures - determining and prescribing how all important at ongoing activities.*
9. *Equipment insurance - insurance of plant, equipment and other physical resources needed for performance of work.*
10. *Capital insurance - money and working credit are needed to perform a safe job capital and physical resources.*
11. *Setting standards - establishing performance benchmarks that will enable to the work is performed best in relation to the set goals.*

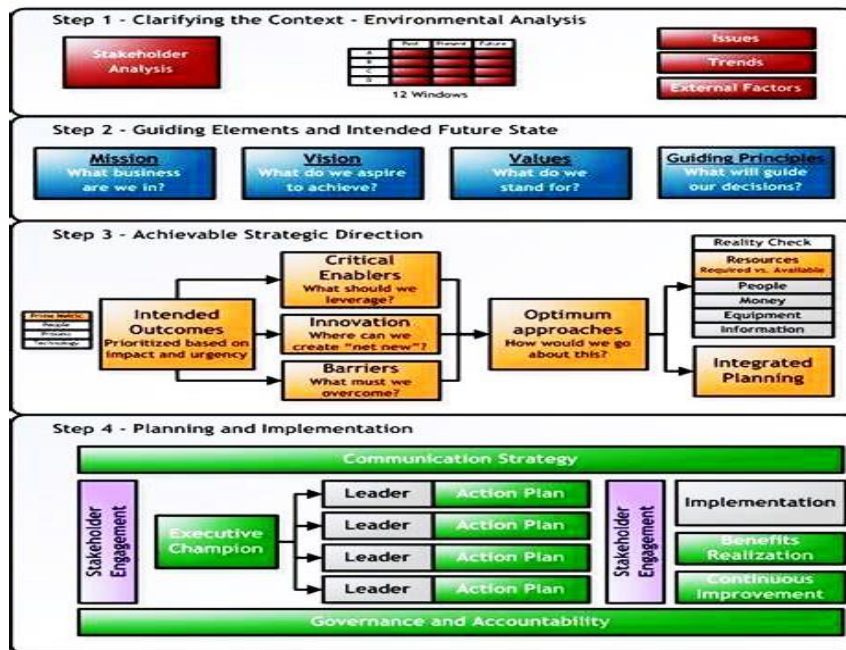
⁹ Buble, M., Cingula, M., Dujanic, M., Dulcic, Z., Gonan B. M., Galetic, L., Ljubic, F., Pfliefer, S., Tipuric D., (2005). Strategic management, Zagreb, Sinergija publishing house, pg. 12

¹⁰ Buble, M., Cingula, M., Dujanic, M., Dulcic, Z., Gonan B. M., Galetic, L., Ljubic, F., Pfliefer, S., Tipuric D., (2005). Strategic management, Zagreb, Sinergija publishing house, pg. 12

¹¹ Buble, M., Cingula, M., Dujanic, M., Dulcic, Z., Gonan B. M., Galetic, L., Ljubic, F., Pfliefer, S., Tipuric D., (2005). Strategic management, Zagreb, Sinergija publishing house, pg. 5-6

Picture: 4

Collaborative Transformation™ Strategic Planning Process



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Source: <https://th.bing.com/th/id/OIP.XYD0I-NiCnbOVYyYtVJpzQAAAA?rs=1&pid=ImgDetMai>

12. Determination of the management program and operational plans - program development i plans of management activities and use of resources that, when carried out in relation according to the established strategy, policies, procedures and standards, enable people achievement of individual goals. These are the stages of the total planning process that includes strategic planning.
13. Providing control information - offering facts and phenomena to help people follow strategy, policies, procedures and programs; to keep in readiness the force on work inside and outside jobs; to measure the overall performance of the company in relationship according to the set plan and standards.
14. Activating people - commanding and motivating people to work in relation to philosophy, policies, procedures and standards in the execution of company plans.

CONCLUSION

Strategic planning enables better organization orientation, greater flexibility and better coordination of work, while strategic management is a process by which inputs are transformed into outputs, which is preceded by planning that enables better organization orientation, greater flexibility and better coordination of work. Top managers are responsible for strategic planning and defining strategic goals, because they have the best insight and know the problems of the organization.

The process of strategic management is manifested in the unfolding of a series of stages that begin with the analysis of the environment and continue through setting the direction of the organization, formulating and implementing strategies and finally controlling and evaluating the selected strategies. A well-made strategic plan increases the chances that day-to-day activities achieve the desired results. Every strategic plan must have defined: mission, vision, values, policies, long-term goals (strategic goals) and strategies.

A vision usually means an idea, that is, an idea of a future state or events. The mission is the purpose for which or the reason for which the company exists. She says what the company provides society - either services or products. Goals are the final results of the planned activities - state what the company should achieve, in what scope and when it should be achieved. By achieving goals, the company achieves its mission. Strategy is the way to do things use individual resources to take advantage of circumstances to produce desired effects.

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