

## EVOLUTION OF THEORY OF STRATEGIC MANAGEMENT AND PRE-CONDITIONS OF DEVELOPMENT THE CHANGE MANAGEMENT CONCEPTION

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### **Abstract**

We have studied the basic stages of development of scientific theory of strategic management. We have probed basic scientists which was engaged in forming and perfection of this theory. Also we have defined four basic stages of development of theory of strategic management. On the basis of the conducted researches we formulated pre-conditions of origin of new paradigm of strategic management. It is a strategic change management.

### **Introduction**

The article of theory of strategic management is finding out of terms and mechanisms of creation of competitive edges of enterprises, which will provide them the receipt of economic values, inaccessible or difficult of access competitors.

Main incentive reason of deepening of knowledges in relation to strategy of development of enterprises and beginning of application of them in practice was become by complication of process of management corporations and firms in a period 1950-60-th, that after Second world war. The origin of complications in a management was connected from two main tendencies:

- First post-war decades characterized the increase of scales and types of activity of enterprises. Growth of volumes of activity took a place mostly due to diversification of production. Diversification required in same queue a transition from functional to divisional of organizational structures of management. And the construction of divisional structures, as known, requires the clear understanding of strategic and operating levels of management.

- In the same period there was strengthening of dependence of success of enterprises from that, as far as the terms of external environment of menage are adequately and self-weighted taken into account by them. On activity of enterprises very substantially political, legal and social factors began to influence. Consequently, before firms the necessity of strategic adaptation appeared to all of factors of influence. Also the mass middle class of users began to spread, there was scale internationalization of business, demand began to be characterized нецінності differentiation. The acceleration of scientific and technical progress resulted in sharpening of competition. All of it strengthened the vagueness of бізнес-оточення, that is why the ground of the niche in him became one of key tasks of enterprise.

Exactly as a result of these processes principles of strategic management from 1960th began to develop and widely used oversea enterprises, and especially, by large corporations. As in Ukraine of becoming of market economy took a place considerably later, the personal interest is real at domestic enterprises arose up strategy and principles of strategic management also later, at the beginning of 1990-th.

Today Ukrainian business works in the conditions of innovative, global and informative economy. On a background sharpening of internal competition and gradual integration of country in a world economy a strategic orientation becomes a necessary operating of all of enterprises condition. Most leaders already came to the conclusion, that a strategic management is a not luxury without which it is possible to treat, but obligatory mean of achievement of the put aims. Not only resources and jurisdictions of enterprise but also all of business-process acquire in the modern terms of strategic character.

Modern realities are such, that most domestic enterprises are not had the clear, formalized strategy. Some of them apply separate strategic custom controls only, that does not have the integral system of strategic management. It should be noted that absence of the grounded strategic plan and mechanism of his realization does not mean that an enterprise „goes with a stream”. The leaders of successful enterprises, as a rule, expressly understand on what to build competitive edges and what purposeful actions to inculcate for strengthening of the positions at the market. That in this sense of enterprise have strategy, but there is it only in heads for leaders. Thus basic personnel (not leaders), often does not know and does not understand strategy, although exactly the personnel of enterprise accepts active voice and provides realization of strategy. Sure, it results in the problems of dirigibility business and support to transformations which in a that or other degree need all of modern enterprises.

Understanding of importance of the strategic going near a management causes substantial demand at enterprises on the grounded theoretical conceptions of strategic management, and also effective instruments and methods of development and realization of strategy.

Caused beginning of the economy growing, and then development of фінансово-економічної crisis, demand of the Ukrainian enterprises on effective conceptions of strategic management runs into the large deficit of system knowledges in this sphere. The sharpness of situation is conditioned the row of reasons.

- in our country only the group of professionals which mastered at high level the courses of functional management (strategies are built on their synthesis) and understand essence of conceptions of strategic management begins to ripen;

- the specific of this wide area of researches is pluralism of approaches, as 10 «schools of strategies select at least». The valuable understanding of achievements of theory of strategic management is impossible by an acquaintance only with the fragments of such conceptual mosaic;

- an amount of translations of classic labours is not sufficient from the theory of strategic management and innovative works of the last decade.

### **The aim of the research**

To establish the basic stages of development of scientific theory of strategic management and to define the pre-conditions of origin of new paradigm of strategic management – strategic change management.

### **Materials and methods**

Today the most ponderable paradigm of study of strategies is consider resource conception.

Before it creation a key role in the ground of priority of competitive edges was played by conception of competition strategies by M. Porter [1], which connected research of strategies with the theory of a particular branch organization (in interpretation of Meyson). M. Porter has placed the analysis of firm in an of a particular branch context and the structured going offered near the study of it competition conduct (keeping is in industry).

According to Porter's mind, a firm arrives a competitive advantage, when it executes such strategically important types of activity, as planning, production, marketing and distribution of the products. But already from 1990th resource conception which appeared most adequate for the study of sources and mechanisms of excellent advantages of firms in the conditions of competition began to prevail, that cardinally changed and sharpened. Within the framework of this conception new interpretation of sources of proof competitive edges of enterprise was offered. The main idea of resource conception consists in that an enterprise can attain a proof competitive edge then, when it will realize such strategy of creation of cost which existent or potential competitors can not realize parallell. And it becomes possible at terms: passing ahead by comparison to the competitors of creation and development of unique resources into an enterprise; accumulation of internal organizational knowledges and abilities which hardness to copy or reproduce for competitors.

For this conception it is accepted to count the article in 1984 B. Vernerfelt «Resource interpretation of firm», which first specified on the «utility of analysis of firm quick from point of its resources, what products» [ 2 ] and expressed a hypothesis, that such approach can become the new paradigm of study of strategies. However much the explosion of interest in scientific and business circles to resource approach took a place due to the article in 1990 K. Prahalad and G. Hamil «Key jurisdiction of corporation», where on the examples of companies-leaders advantages of conception of firm were explained as a brief-case of organizational jurisdictions (capabilities), but not as brief-case of business-points. At the beginning of 1990-th resource approach was designed in new direction of theory of strategic management and got a mighty impulse in fundamental works of D. Barni, A. Direksa, D. Kollinz, M. Ramelta, D. Tisa and other [3].

Distinguishing features of dominant in 70-80-th conception of competitive edges of M. Porter and modern from the beginning of 90-th and for the present tense of resource conception it is resulted in a table 1. Therefore in present, caused revolutionary changes in the economy of society of the XXI century searches of new paradigm of strategic management classic works which ground resource approach have the special value. On principles of resource conception formed and the new conceptual going near a strategic management is a strategic change management.

Consequently, from the second half 1990-th principles of new conception of strategic management begin to be formed. On determination A. Tompson, making of strategy must be

directed, as on timely adaptation of organization to the changes of external terms of manage so on the receipt of additional benefits from the possibilities[ 4] created in a business-area.

**Table 1. Comparative description of conception of competitive edges and resource conception**

Sign	Conception of competitive edges	Resource conception
Period of origin and development	1970-1980	From end 1980-th to a present tense
Leading scientists which formed and developed conception	M. Porter, Ramelt, D. Shendel, C. Hofer, G. Mincberg	B. Vernerfelt, K. Prahalad, G. Khamel  D. Pressed, D. Barni
Main source of maintenance a firm competitive edges	The successful and timely keeping of firm is in certain industry and market segment on the basis of the detailed analysis of volumes and structure of industries and markets	Realization difficult for a coping types of activity, which are created a firm due to a presence for it of valuable and difficult to the printing-down resources
Mechanism of maintenance of competitive edges	- leadership is in charges (and accordingly and in a price) by comparison to competitors  or  - differentiation is in high-quality характеристиках of products which will enable to set bonus prices or  - focusing on some market segment, where a firm can develop the special differences	Successful and unique development of internal resources and organizational capabilities which hardness to reproduce competitors.  An unicity can take a place in any aspects of activity:  - general management  - basic production processes  - ancillary proceedings  and others like that
General conception of strategy of firm	Reactive	Proactive
Main postulate	A firm must search the ways of docking with an external environment	A firm must change together with an external environment, wants mutual adaptation
Factors which has a main influence on economic results of firms	External  (structure of industry and levels of profitability)	Internal  (ability effectively to manage development of internal resources of firm)

Taking into account all of ahead, in the evolution of theory of strategic management for the last 50 years it is possible to select four stages (table 2).

**Table 2. Stages of development of theory of strategic management**

Period	Level of development of theory	Sources of competitive advantages  enterprises	Main conceptions
STAGE 1  From 1960- to first half 1970	Before analitic	Internal (strong and weak sides of enterprise)	1. Conception of strategy  2. Corporate strategy

			3. Strategic planning
STAGE 2  From end  1970-th – to 1980-th	Becoming of new scientific discipline	External (structure of industry and other surroundings of enterprise)	1. Conception of strategic management  2. Efficiency of strategies  3. Типові of конкурентів strategy
STAGE 3  From end  1980-th – to  1990 –th	Development is on own basis: general resource approach	Internal  (resources and capabilities of enterprise)	1. Fundamental problems of theory of strategies  2. Resource base of enterprise  3. Key jurisdictions
STAGE 4  From beginning  2000-th to present tense	Forming of new paradigm of strategies for post-industrial economic. It is theory of strategic change management	Synthesis  (Mutual addition of internal and external)	1. Strategic innovations are in a new economy  2. Management knowledges  3. Network organization  4. Dynamic capabilities

Realities of present times prove that classic conceptions of strategic management, created in the second half of the XX item, stop to answer the new terms of бізнес-середовища. It is today expedient to talk about becoming of new conception of strategic management, the basic task of which is a not so much long-term survival of enterprise, скільки him timely transformation. On changing the formal strategic planning we have self-organization, which comes on the basis of general for all of personnel vision for the future. Consequently, in modern terms a strategic management is not only a construction of certain set of administrative processes but also permanent adaptation of this construction, to reality which changes, that strategic flexibility. A main requirement to the leaders is become by ability strategically to think. Strategic thought is adequate authentication of problem which is the mortgage of faithful strategic decision and optimum construction of strategy. It is tactic of «warning blow», that active, but not reactive management. Strategic thought in business wins because it is orientated on the flexible reacting on all of changes. Substantial descriptions, incident to strategic thought in control the system: system prospect, frankness to new experience, thought in time, work with hypotheses.

Thus, it is today legitimate to talk about becoming of new strategic менеджмента, such which «converts». Him a main task is a not so much long-term survival, скільки timely transformation of firm, basis of success, in which seen not in structural advantages, but in the added value of enterprise; to the management, where formal strategic planning самоорганізація takes a seat on the basis of general vision. The basic differences of converting management from classic conceptions are rotined in a table 3.

**Table 3. Distinguishing features of position (classic) strategic management and change management**

Management elements	Position strategic management	Strategic change management
1. Main task	Providing of of long duration viability and proof competitive edges of enterprise	Timely transformation of enterprise (changes)
2. Factors of	Structure of industry, position of enterprise in it, allocation of resources	The value of enterprise

success	between enterprises	is added
3. Strategic process	Complex analysis and long urgent prognosis more area, the strategic planning is centralized, introduction strategies „from above”	Organization of strategic activity on the basis of general vision and self-development

In a modern competition environment chances on the protracted success have enterprises, ready to realization of breaches, and leadthrough of permanent organizational changes only. It becomes a main call for leaders.

About transformation enterprises testify the high-quality changes of structure of interest or technology of transformation of resources groups in consumer values. Pre-conditions of timely and successful changes on enterprises is:

- a presence in the enterprises of the effective system of timely exposure of possibilities and threats is in an external environment;
- high level of flexibility of organizational structures and processes, provided due to advancement of new employees in the higher echelons of management;
- grant a maximally possible autonomy to structural subdivisions at intensive communication;
- optimization of term of action of measures, related to planning and introduction of changes;
- high level of creativeness organization, in basis of which is establishment of tense, stimulant creation of aims, forming of the opened internal «market» of ideas and talents, selection business for experiments with risky ideas, grant of voting right new and peripheral workers, high level of stimulation of the creatively gifted employees regardless of their status in organization;
- independence and studies of workers, their readiness to the changes, high creative potential and knowledges, necessary for innovations;
- presence on the enterprise of leaders, which own knowledges, experience, personal qualities, necessary for the leadthrough of changes.

Consequently, in modern terms a strategic management is not only a construction of certain set of administrative processes but also permanent adaptation of this construction, to reality which changes, that strategic flexibility. A main requirement to the leaders is become by ability strategically to think.

Realities of present times prove that classic conceptions of strategic management, created in the second half of the XX century, stop to answer the new terms of business-area. It is today expedient to talk about becoming of new conception of strategic management – strategic change management.

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