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Key Elements of Strategic Management

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ABSTRACT: The paper examines the key elements of strategic management. The key elements of strategic management are very important to managers today because they reveal how the organization's approach to business survival could be realized. Businesses need to have the requisite skills and experience in the industry to be successful. It can be said that organizations could enhance their chances of survival in the competitive business environment by obtaining a fantastic strategic management plan. It explained the concepts of strategic management, including approaches, processes, steps, and their usefulness and merits to the business entity. It also suggested areas for management to consider when planning a management model that is result-oriented. Strategic management is all about having direction, the ability to analyze, choose, and implement, and the capability to think, be creative, and ask questions. Changes in revenue, market share, profit, and return on investment for owners are all visible. The outcome creates feedback loops that influence the internal and external business environment. The paper recommends, among others, that there should be a formulation of strategic objectives that are in agreement with the goal of the firm in order to realize their objectives and good performance.

Keywords: Strategic Management, Element, Evaluation and Control.

INTRODUCTION

The strategic management process is an ongoing one. Performance outcomes are achieved at various levels in the organization. Members of the organization evaluate the effects and adjust the needed strategies. As the company grows, so will the different strategic methods as new techniques emerge and the current strategy changes. All these constitute the ongoing improvement process necessary to achieve the firm's goals and objectives. Strategic management is defining an organization's goals and objectives and developing plans to achieve those goals through allocating resources to implement strategies. Strategic management is the highest level of management activity performed by top executives and teams of executives. Strategic management typically provides for the holistic focus of the whole firm. Strategic management comprises decisions and actions that formulate and implement designed approaches to attain the goals and objectives of the firm.

Strategic management is setting a company's goals and objectives, making plans and policies to reach those goals, and allocating resources to implement those plans. It is an ongoing process that has to do with the effort of matching the firm with environmental changes that are considered advantageous. For the survival of an organization, it must carry out the strategic management process formally or informally. Strategic management can also be applied to both private and public organizations, as well as to charities and religious bodies. First, it is essential to understand that a strategic approach is needed to develop and grow a construction business. Cadden & Lueder (2012) and Scott & Bruce (1987) add that it is clear that each business is different in shape and size, but research has shown that there are sufficient similarities in the problems arising in their growth and organizational development. Cadden & Lueder (2012) state that a business's growth and development cycle involves various organizational activities and structures. The deduction can be made that emerging contractors' competitiveness and economic sustainability would depend on their strategic management capability to develop a competitive business that could overcome the challenges, risks, and internal and external threats within the construction industry.

LITERATURE REVIEW

An Overview of Strategic Management

Today's organizations are continuously experiencing the inevitable influx of technology and globalization while conducting business; thus, strategic management is seen as a great practice that differentiates them from one another. It's a process to attain the organization's vision, goals, and objectives. The organization's management of resources geared towards achieving its objectives is strategic, thus requiring strategic manipulations (Pearce & Robinson, 2007). Huynh et al. (2013) opined that in the business environment of today, firms face serious competition in both home and foreign markets, and to stand the test of time, there must be implementation of the tools of strategic management to give rise to their competitive ability in order to be advantageous. The ability to compete favourably and achieve firm performance similar to those they are competing with are the key goals the firm should make an effort to achieve (Raduan et al., 2009). The strategy could be seen as a way top management reacts to the limitations and opportunities they are confronted with. Critical management theories, like that of Chandler (1962), emphasized that organizations could make do with strategic choices, even with outside limitations. A firm's entire development and performance could be affected by the strategic issues they face and how and how they face those issues. (Ilesanmi, 2011).

Consequently, as the environment in which the business is carried out becomes unstable, managers can discover that environmental assessment, strategic planning, analysis of internal capabilities, and plan formulation become insufficient. Changes that bother the taste of consumers, rare interruptions in the supply of raw materials, or even global recessions might force an organization to use changes to come to terms with the realities of the market. In such conditions, the organization could revert to the reduction of staff, light control of systematic inventories, cost control, and a cutback in techniques. However, these actions are only beneficial in the short term. As a result of structural economic dislocation in Nigeria, private sector firms have to revert to an essential solution (Ilesanmi, 2011). The above is why one of the significant challenges to organizations in today's world is the matter of including a strategic conceptual structure in organizational activities, a conceptual structure that accepts a resource base, makes do with technology, and assures the business arena of both good management and operation (Onyekwelu, 2020). Nevertheless, the strategic conceptual structure must solve fundamental challenges like problems of infrastructure, the level of technological needs required, raw materials needed, and the desire to delve into strategic management for better understanding and practices.

Strategic management concept:

Strategic management refers to how a firm's resources are managed to achieve its desired goals and objectives. It involves setting goals, analyzing the competitive business environment, internal organization, strategy investigation, and the organization's rolling out of basic strategies (Julius, 2014). The process of planning, implementing, and assessing is also known as strategic management. The process of assessment bothers both the internal and external business environments. Planning has to do with forming models that are business in nature, collective direction, competitive tactics, global strategies, acquisition, and collaborative action. The implementation phases require leadership to establish the proper organizational structure, form a management culture, manage the strategic process, and direct the firm through organized governance (Tanya, 2015). Strategic management involves deploying an organization's internal weaknesses and strengths to take advantage of external opportunities and minimize external threats (Adeleke et al., 2008). Batman and Scott, as cited in Onyekwelu (2020), define strategic management as a process that involves every part of the organization in the planning and execution of strategic goals and objectives. Their definition also views strategy as an action pattern and allocation of resources geared towards achieving the organization's goals and objectives. While Thomson and Strickland defined strategic management in Onyekwelu (2020) as the manager's task of planning, executing, and assessing the company's goals and objectives in its chosen business environment, successfully competing, satisfying customers, and achieving commendable business performance. The Institute of Strategic Management Nigeria (2010) defines strategic management as a management process through which business managers of any company embark on an ongoing re-thinking and auditing of their affairs, the organization, and the business arena, and in forming, assessing, executing, and managing the organizational direction, strategy, and program, directed at achieving sure changes, building advantageous competition, and attaining successful performance all the time.

However, according to Duddin (2013), an understanding of a firm's clear understanding of its vision and mission, where it ought to be very shortly, and those core values that would guide its conduct is referred to as "strategic management. It is a process that requires a commitment to strategic plans, which are part of a group of business management practices that include a company's capacity to mark out long- and short-term goals and objectives. The formulation of decisions, actions, and the allocation of resources that are needed to attain the goals and objectives of a firm is also known as strategic management. Thus, a well-spelt process for controlling an organization's strategy would assist firms in making reasonable choices and formulating novel ideas as quickly as possible to keep up with technological changes in the business and market arenas.

Strategic management helps a firm achieve competitive advantages, improve market share, and plan for the future.

Tanya (2015) stated that in the course of going through the process of strategic management, firms are seen to make do with two perspectives, which include:

1. **Resource-based views;** This type of perspective does suggest that an organization is unparalleled in its internal resources, which are crucial determinants of strategic competition. If an organization's goods are unique, this implies that they are difficult to copy or imitate, and they do not have a replacement or substitutes from competitors, and they will gain advantageous long-term competition.

2. **The industrial organization:** The second perspective assumes that the external environment is responsible for strategic decisions an organization could use. The superfluous of this idea is that an organization should acknowledge and look out for opportunities to operate in a business environment that gives room for strategic activities by creating a competitive and profitable environment.

The Process of Strategic Management;

Importantly, so many schools of thought exist on strategic management. Many managers and researchers have adopted frameworks to assist and guide strategic management. On the whole, five phases are involved in the process, which are;

1. Assessment of the firm's flow of strategic directions
2. Identification and analysis of both external and internal weaknesses and strengths;
3. Decision plan formulation
4. Implementation of the decision-making strategy
5. Evaluating the degree to which action plans have been successful and making changes when desired results are.

Despite the above, the strategic management process plays a crucial role in good communication, the gathering of data, and organizational culture. On the other hand, insufficient contact and negativity in the organized culture could cause a misalignment of the firm's strategic plan and the actions carried out by its different business departments (Duddin, 2013). Therefore, strategic management involves the analysis of cross-functional business decisions before implementing them to ensure they agree with strategic planning. However, a complete set of strategic plans will involve a road map for the company's business level, corporate level, competitiveness, international collaboration, and the acquisition of strategies (Tanya, 2015).

The Benefits of Strategic Management

Generally, strategic management is considered to have merits that are both financial and non-financial values. Strategic management processes help a firm and the leaders of an organization brainstorm and plan for their future coexistence (Duddin 2013). **The elements of strategic management: an organization** is supposed to choose its direction. It has four main elements: choice, analysis, implementation, evaluation, and control.

Conceptualization of Key Elements of Strategic Management

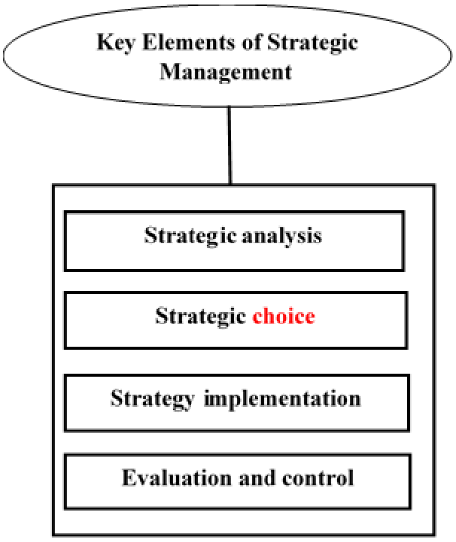

Fig. 1 Researcher's Desk, 2022

STRATEGY ANALYSIS

Strategy analysis is all about comprehensive knowledge of the organization's strategic position. It focuses on the elements that concern the effects that go on in the business arena and how such effects affect the activities of the firm or organization. Another factor that is considered an element is the organization's resource strength. The strategic analysis also focuses on what the various groups of associations want to do and how the change affects the company's current and future situations. Strategy analysis is often centred on understanding the firm's strategic position. These elements bother me because of the transition involved in the business arena and how such effects could translate into the activities of any given firm.

The basic strategic analysis determinants that would be considered are; the business environment—organizations hardly exist without relating to a complicated, commercially, economically, politically, socially, culturally, and technologically interconnected environment. Environmental changes are frequently more difficult for organizations to deal with than others. When an organization is confronted with environmental changes, it should clearly understand the resulting effects to develop a strategic plan. The fundamental significance of strategic analysis is understanding how the business environment affects any given firm. Consider how the business environment affects the environment and how current and the anticipated change affects the business environment.

An organizational resource is the second determinant, and the influence organizational resource has is internal. When an organization's strategic capability is being considered, it is quite important to consider its strengths and weaknesses. The organization's strengths and weaknesses could be identified by considering its resource areas: the level of its management, the structure of its financial base, and its physical plant and products. This is targeted at creating an observable internal influence and placing restrictions on strategic choice.

The last determinant focuses on the prospects of the various stakeholders; as a result, the success of firms relies solely on the stakeholders' expectations. The owners' assumptions and beliefs shape the culture of the organization to a large extent. The stakeholders of an organization influence the decision-making of that organization's strategy. The level of impact of the stakeholder's strategy depends largely on the various groups of stakeholders. Resource and environmental factors typically influence stakeholders' belief level and supposition. A successful influence usually depends on the group that has the most power. It is quite key to know this, as it does help in identifying the reason why a firm adopts a specific strategy.

Considering expectations, resources, business areas, and goals in the cultural and political framework of the firm provide the basis for strategic analyses in a firm. Understanding the specific position a firm takes necessitates assessing the level of implications and directions of the current strategy and the organization's goals to determine whether such goals and objectives are consistent with and manageable with strategic analysis implications.

STRATEGIC CHOICE

Strategic analysis forms the basis for strategic choices. After strategic analyses have been carried out, the organization is ready to make a choice. Strategic choice is commonly thought to be a practice that entails selecting the best possible course of action from available options, and it is typically centred on the estimation of the available unique options. Three dimensions are involved in a strategic choice: the generation of strategic alternatives, evaluating opportunities and selecting a strategy. Strategy selection is the third part of choosing options that the organization is to follow. Most often, the choice selected is an issue of managerial judgment. It is critical to understand that the choice cannot be purely logical or objective during the selection process. When making strategic decisions, the values of managers and other stakeholders with interest in the organization often strongly influence the strategy chosen. This is a reflection of the structural power of the firm.

STRATEGY IMPLEMENTATION

Strategy implementation is one of the critical elements of strategic management, which has to do with translating strategy into actions. It's the phase of the translation of strategies into action. Implementation of strategy demands a thorough engagement of the organization's resources through proper handling of the likely changes in the structural system of the organization, as well as mindful planning. This is because so many parts are included in the implementation of a strategy. Planning and allocation of resources are the first parts of the entire process. Performance has to do with resource planning, which includes logistics. The second component is organizational design and structure. Many changes are carried out during the implementation strategy in certain areas of the organization.

EVALUATION AND CONTROL

Evaluation/control are the last strategic steps of the management process. The main evaluation/control activities are: studying and understanding the effects of internal and external factors on present strategies, measuring performance levels, and adopting curative and corrective steps. Evaluation and control ensure that the organization's strategy and implementations are on track to meet its objectives after evaluating the final product. The following questions are asked; "Were your goals achieved? Was the process properly implemented, company-wise? You can reflect and revise as needed based on your answers to these questions.

In conclusion, the four main elements of strategic management are interwoven, and as a result, to select a strategic choice, there should be an analysis of options to find out the strategy for the organization that would be very efficient and effective. Strategy implementation is typically carried out after various strategies have been considered so that a final decision on the choice that the organization will carry out can be made. After implementation, there is a need for evaluation and control.

STRATEGIC MANAGEMENT PROCESS

Purpose

The Oxford English Dictionary defines purpose as the reason something is done. Every business organization starts with a purpose. The purpose is a statement of why the organization or firm has begun a journey, guided by the keenly held values and beliefs that inspire it to make a difference in its business or area of operation. For example, many people believed that a business's aim was profit maximization for the stockholders. Profit is an outcome of customer creation, so the basic aim of a business is to gain customers. The statement of purpose outlines the kinds of products and services the organization is willing to offer to society or customers, the variety and scope it seeks to pursue, and the character, values, and image it tends to portray. The statement of purpose presents the organization to the public and differentiates it from other films in the same industry or location. The purpose guides you. It articulates why you do what you do, why the organization exists, and why you serve a higher purpose. The purpose keeps you focused on why you exist and how to inspire your followers.

Mission

The mission statement concept had evolved to be more style worthy of issues concerning strategy. According to some business analysts, a well-structured mission statement can pave the way for a natural and significant alternative for the entire tasks of a good plan. The way a firm's strategic mission is expressed is epitomized in its mission statement, which could be considered the first stage of the process. Peter Drucker, who is dubbed as a management guru, asserts that when it comes to modern thinking on business missions when a question arises about what our business is all about, it's similar to trying to know what our business mission is all about. It is the mission statement of a business that defines it.

A firm's mission statement must be clearly stated and stand out from other firms.
A clearly defined mission statement includes the following;

- The organization's purpose—a statement of the organization's main programs;
- The chief aims of the business or organization.
- The organization's core values and beliefs.
- A clear statement on who the principal owners of the organization are;
- The overriding rules that define the code of conduct for employees

Vision

Vision is an image marker for the company; it is the orientation a business or organization would like to achieve soon. Vision is a lifestyle and a preference for a company, and it assists in producing a good status and a common sense of aim. A good vision encourages experimentation and risk-taking. Vision is an attainable dream; it deals with the actual mind and methods for achieving future required objectives. The strategic management's vision is expected to be pragmatic about the market and to have an identity of competitiveness, technological, economic, regulatory, and societal conditions that the firm is likely to face, as well as to be realistic about the firm's resources and capabilities.

A good vision possesses the following features; a. It should be inspiring and challenging. b. It should foster long-term thinking. c. It forms the basis for formulating the mission statement. d. It should be competitive. e. It should be realistic.

The vision clearly shows the meaning of the current position and the firm's aim, affecting all critical parts of it. It has an essential ground that centers around the organization's management strategy.

Objective

Strategic management objectives are sets of decisions and actions taken collectively or individually that determine the organizational output or performance, and those critical decisions show how correctly the strategy was undertaken. It is a long-term process. Strategic goals are clearly and broadly defined as the statement of end goals that a firm desires to attain within a projected long-term time frame. Strategic objectives have a key effect on the firm as they determine its time frame and competition in the business environment. Drucker (1995) isolated the following 8 areas in which the goals of an organization could be developed and maintained: Organizational management, after coming up/with establishing organizational objectives, requires developing different objectives for every level of management. Wilson & Gilligan (2005) typically express these goals regarding sales growth, profitability, market share growth, and risk diversification.

Decision Making

The selection of one alternative from two or more possible options based on some criteria is known as decision-making. Decision _making is the art and science of giving thought to and making a choice or judgment about an idea or problem. The selection is based upon some criteria, such as: winning a greater market share, reducing the cost of operations, saving time, improving customer service at the counter, and enlarging the image or prestige of the organization. There are two or more options for decision-making because the availability of one does not leave room for any decision to be made. Consequently, no more than two options are available in the decision-making process. These could be of the type or not.

Decision-making characteristics include the following: Decision-making pervades all aspects of management. It is essential to the management process's operation in any organizational setting. It involves judgment. It includes risk and uncertainty since it deals with future values. The fundamental function of proper decision-making includes examining and outlining the problem, bringing together and investigating the essential facts of the problem, exploring or examining optional remedies to the problems, seeking the most satisfactory alternative, and converting this alternative into action.

Strategic Decision Levels;

Functional, business and corporate levels are the three levels at which strategic decisions take place in an organization.

- Operational decisions have to do with things like efficiency and quality output. These measures are short-term and can easily be influenced by building on the organization's strengths and correcting functional weaknesses such as production bottlenecks or ineffective-marketing campaigns.
- Business-level executives rely on the functional abilities of managers for short-term operating effectiveness and efficiency and focus on the mid-term reactions of the market to both the organization's product and competition.
- Corporate knowledge of business strategy involves understanding the important trends in the market, the qualitative budget, the forecast, and the periodic financial result.

Conditions under which managers make decisions;

Managers make decisions under three possible conditions: certainty, risk, and uncertainty.

Decision-Making Under Conditions of Certainty;

In a situation of certainty, managers would have had enough information to determine the exact outcome of their decisions. With so much information at his disposal, it is, without doubt, convenient for them to act as if a condition of certainty exists. The results or outcomes of such decisions are known with certainty.

Risk Conditions;

Conditions of surety are the exceptions rather than the rules in today's complicated, drastically evolving business organizations. Managers must do their best to forecast, in a less certain way, the result of their decision. Often, managers could know the probability of each of the many likely outcomes linked with a decision, even though they could not be completely certain which outcome would occur.

Conditions of Uncertainty

When the probable conditions of the available options are unknown to the decision maker, we say that a state of uncertainty exists. Degrees of uncertainty confront most managerial decisions. Most times, many variables or too many unknowns affect administrative decisions in an attempt to forecast results precisely. When a situation of this nature arises, managers are expected to employ their acquired experience, judgmental ability, and insight to allot probable close selections to each available option. This would enable them to streamline their range of choices.

Crisis Decision-Making

A crisis decision is made by managers when the following conditions arise: there is nobody suitable around or available to be consulted, and the information available is not enough to make the required decisions. It is the type of decision that needs to be made to ease the situation.

Forecasting

Forecasting has to do with the situation when business managers consider past and present trends to forecast the future. In other words, historical data is used as a predictive tool to assess future trends.

THE IMPORTANCE OF FORECASTING IN STRATEGIC MANAGEMENT

1. It enables the firm to respond to factors that regularly play in the market. This way, the organization could determine whether to allot more resources to take corrective action or change strategies to conform to the new situation.
2. Prediction is essential to businesses because it helps make key business decisions and develop data-driven strategies.
3. From a strategy point of view, forecasting is essential for any business because having stock at the appropriate time is key to profit making.

Budgeting
Budgeting is a situation where incomes and expenditures are being looked at over a specific period in the future. It assists a company in determining whether or not it can continue operations with its projected income and expenses. Every business requires a budget in order to operate efficiently and avoid spending more than necessary on day-to-day operations.This will enable the organization not to fold up.

ROLE / IMPORTANCE OF THE ELEMENT OF STRATEGIC MANAGEMENT IN THE ORGANIZATION

The overall claim of every organization is that it has a strategy. This claim started with the fact that every firm has a way of undertaking its activities. Some of these approaches may have been pre-planned, i.e., consciously developed strategy. Every well-executed strategy outperforms poorly managed strategies. Most failures of any organization are often traced to the presence and quality of properly executed strategies.

There are so many problems with how the system is planned and how assets are valued that assets must be used well to get around the risks and try to reach a big goal.

1. Strategic management's role in realizing a firm's objectives has been a critical subject for research.
2. Strategic management helps to ensure that objectives are adequately set, key issues are well spelt out, and assets and time are properly synchronized to accomplish the agreed-upon targets and results.
3. Important planning allows them to focus on the inner conditions by empowering workers and setting complexities for them to achieve personal goals.

CONCLUSION/ RECOMMENDATION

It is the desire of organizations that carry out their business in an environment that is highly tumultuous and competitive to formulate strategic policies that would enable them to operate successfully by developing and delivering high-quality values to those that patronize them as they try to get used to a constant and active business environment. Strategic management is essential because it involves developing and formulating strategies to cope with the competitive business environment and pave the way for a long-term existence and accomplishment. Doing this would bring about advantageous competition, which will make the organization outperform those competing with them and help them successfully adapt to the various changes in the business environment. This paper establishes that strategic management not only gives a firm an edge to outperform others in the business environment but also helps an organization achieve desired goals in performance. From the scholarly discoveries made on this assignment, the paper recommends, among others, that; strategic objectives should be formulated by organizations that align with their objectives to attain good employee performance. Organizations should seek more input from lower-level managers and supervisors when developing a strategy so that the plans developed are efficient, operational, and in line with the organization's short- and long-term goals. Firms should make known their employees' strategic vision that can be achieved. It's essential, therefore, to elucidate that all workers ought to be involved in implementing strategic management, which would prepare the firm for the future, develop long-term direction, and show the firm's intentions to be well-positioned in the business environment.

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