

Introduction and Major Applications of Strategic Management

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Editorial Note

Strategic management, in the field of management, involve the formulation and fulfillment of key goals and capabilities by an organization's managers on behalf of stakeholders, based on resource considerations and an assessment of the organization's internal and external circumstances. Strategic management gives an organization's overall control and includes defining the organization's goals, formulating policies and plans to attain those goals, and assigning resources to put the plans into action. Many models and frameworks have been established by academics and practicing managers to aid in strategic decision-making in the setting of complex environments and competitive dynamics. The models for strategic management frequently contain a feedback loop to monitor performance and guide the next round of planning.

According to definition of strategy "The determination of an enterprise's basic long-term goals, as well as the adoption of courses of action and the allocation of resources required to achieve these goals". Strategies are designed to give consistency or guidance in reaction to the environment, as well as to set direction, focus effort, define or clarify the organization.

The concepts of strategic planning and strategic thinking are interlinked in strategic management. Strategic planning is analytical in nature and refers to structured procedures to produce the data and analyses the inputs for strategic thinking, which synthesizes the data resulting in the strategy. Strategic planning can also refer to the control mechanisms that are used to put the strategy into action once it has been determined. To put it another way, strategic planning revolves around the activity of strategic thinking or strategy formulation.

In the 1950s and 1960s, the strategic management discipline was born. Peter Drucker, Philip Selznick, Alfred Chandler, Igor Ansoff, and Bruce Henderson were among the most important of the early contributors. The discipline builds on thousands of years of prior thinking and books on 'strategy.' Prior to 1960, the term "strategy" was mostly associated with war and politics, rather than business.

During the 1960s, many firms established strategic planning units to develop and execute the formulation and implementation procedures.

A range of frameworks and concepts established by management consultants and academics have documented the progress of strategy since 1960. These figures reflect a greater emphasis on price, competition, and customers. Much more thorough empirical analysis at ever-higher levels of detail exposed these "3 Cs," as industries and organizations were disaggregated into business units, activities, processes, and individuals in search of sources of competitive advantage.

Formulation

Analyzing the environment in which the organization operates and then making a series of strategic decisions about how the business will compete are all part of the strategy formulation process. The process culminates in a set of goals, objectives, and metrics for the organization to pursue.

Implementation

The second key step in strategic management is execution, which entails deciding how the organization's resources will be coordinated and mobilized to achieve the goals. The structure of the organization's resources, leadership arrangements, communication, incentives, and monitoring tools to track progress toward objectives are all affected by implementation.

"Operations management" or specific terms for key departments or functions, such as "logistics management" or "marketing management," are often used to describe the day-to-day operations of a business.

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