



OPTIMIZATION OF THE STRATEGIC MANAGEMENT PROCESS AT THE LEVEL OF THE ECONOMIC ENTITY

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Abstract *The dynamics and uncertainty of the business environment force economic entities to design a strategic action plan aimed at long-term business survival.*

The formulation of the vision and mission of an economic entity is an important stage in the strategic planning process, being considered the foundation through which the components of strategic management are formed.

The principles guided by strategic management take into account two coordinates, namely the positioning of the business to obtain a long-term competitive advantage and the use of the strategy on the adoption of managerial decisions, recognizing the extreme importance of organizational structure and culture. The use of the questionnaire research method has enabled relevant data to be obtained on the state of play of strategic planning activities by economic entities and the links between strategic planning and the components of this process in reflecting economic performance. The study performed highlighted positive aspects of strategic planning, among which we mention, the relatively high degree of formalization of the action plan, the use of SWOT analysis and scenarios for various situations that required strategic thinking among economic entities, the interest shown in customer needs, effective communication within the economic entity. The study also found some aspects that need to be improved, such as the allocation of resources suitable for the implementation of strategies, long-term evaluation of strengths and weaknesses, the strategy selected to have a competitive advantage and not least to ensure high attention to the strategic intentions of competitors.



The elaboration of written plans and strategic planning play an important role in achieving the set objectives and achieving the desired results.

J.E.L. classification: L19, L25, M10

Keywords: *strategic planning, economic entity, SWOT analysis, action plan, competitive advantage*

1.INTRODUCTION

In designing the strategic options, the entity's management has the main obligation to identify the existing and future threats and opportunities of the evolving economic environment, as well as the exploitation of the economic entity's internal potential, its forces and weaknesses, its potential competitive advantages over other competitors existing on the market, all this combination of factors influencing the capacity to act, adapt and respond to environmental challenges. The key success factor being the strategic planning of economic activity using the most efficient management strategies that would help maintain a firm position on the market and would implicitly lead to the foundation of strategic decisions, which take into account the heterogeneity of organizational behavior and the process of creating representative economic value for the entity.

The phases prior to the implementation of the management system were aimed at fulfilling the conditions regarding the preparation of the climate within the organization, ensuring the technical-material, human and information premises, operationalizing the strategic changes envisaged.

In order to achieve a thorough control and evaluation of the strategic management system chosen, we need to analyze the intensity of the efforts made for the proper functioning of economic activity and feasibility in close correlation with the potential and capacity of the organizations to act.

The role of strategic planning: seeking innovation and envisioning new and very different future alternatives that can prompt a company to redefine its core strategies and even scope of work.(Graetz,2002)

In the process of strategic management, we need to consider prospecting that plays an important role, because it allows the appearance of different working assumptions, of the variety of possible evolution axes, which will outline sets of scenarios of the future.



2. REVIEW OF LITERATURE

The interconnection between strategy and organizational performance is analyzed by Khetchen which mentions that "the study of strategy includes the actions undertaken, the content of the strategy and the processes by which actions are decided and implemented. and the performance is an intrinsic construction directly linked to the strategy applied" (Khetchen, 2003).

Njagi, Kombo, and Njagi researchers believe a good strategy can give an organization a competitive edge and also give the opportunity to increase its performance (Njagi, Kombo, 2014).

Shendel and Hatten regarded strategic leadership as a process of defining and linking the organization to its environment, consisting of realizing its chosen ideas and wanting to form relationships with the environment, through resources that would allow the organization and its subdivisions to act effectively.

According to Porter (1980), a firm can maximize its performance by choosing a strategy that best fits the competitive environment in which it operates, and then performing the activities that create value and support the chosen strategy.

The strategic management process comprises the following steps: analysis of the internal and external environment of firms; strategic direction, strategy formulation and implementation and development of control mechanisms (Borza et al., 2008).

Authors Leslie W. Rueş and Phallis G. Holland define strategic management as the process by which the top management determines the direction and performance of the organization in the long term, after which the thorough formulation, proper implementation and continuous evaluation of the strategy takes place.

According to G. Berger, an effective prospecting must aim at risk-taking, a long time horizon, considering all possible options, but also at thorough market analysis.

In Roach's and Allen's opinion, the process of strategic planning takes into account the future implications of current decisions, directs and controls complex business with a practical management system, having a vital role for business performance.

Strategic management is a short to long-term development plan concerning the goals of an enterprise.



Since the last decade of last century, both academics and practitioners have realized the need to fully explore the opportunities that highlighting the behavioral component of decision making could offer to the development and implementation of business strategies. (Urio,et al.,2022)

3.RESEARCH METHODOLOGY

The survey involved creating a free account on Gmail and using the Google form, a component of the Google Drive application that allows you to conduct surveys and consult the results in a summary.

The issues highlighted concerned the stage of the strategic planning activities carried out by the economic entities, as well as the links between the strategic planning and the components of this process in reflecting economic performance.

In order to perform the statistical analysis of the questionnaire, we must determine the Alpha coefficient (Cronbach) used to study the internal consistency of the items of the questionnaire.

Table 1. Case Processing Summary

		N	%
Cases	Valid	76	100,0
	Exclude	0	,0
	d ^a		
Total		76	100,0

Source: authors'own processing using SPSS

Table 2 Reliability

Statistics

Cronbach's Alpha	N of Items
,891	5

Source: authors'own processing using SPSS

**Table 3 .Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected if Item-Total Correlation	Cronbach's Alpha if Item Deleted
provides the direction in which the economic entity aims to develop;	8,61	13,735	,813	,848
provides a prioritization plan for the projects carried out by the economic entity	8,58	14,407	,784	,856
create synergy between departments;	8,21	14,248	,706	,873
Supports messages sent by the business entity, both to the internal and external environment;	8,46	14,945	,712	,872
combines the forces of all the structures of the economic entity to help achieve the same vision and objectives	8,30	14,241	,665	,884

Source: authors' own processing using SPSS

The Cronbach's Alpha coefficient value is 0.891, which illustrates its good consistency.

4.FINDINGS

The responses provided by respondents to the legal form of organization of the company illustrate that most of the economic entities participating in the study are represented by limited liability companies (72.4%). An insignificant part of the respondents ticked as a form of organization in limited partnerships, limited partnerships and general partnerships, the difference being represented by participants organized as joint-stock companies (15.80%).



In terms of the average number of employees employed under an employment contract, 50% of respondents checked that they have less than 15 employees, 29% have more than 65 employees, the difference being represented by those who have between 15-65 employees.

The replies received in completing the questionnaire showed that a large proportion of respondents assessed the entity's economic and financial situation as good (46.1%) and very good (35.5%), an encouraging result which implies an adaptation at management level of the management mode in conditions of efficiency and effectiveness to changes that the economic environment may bring to the conduct of economic activity. It should not be neglected that some respondents consider the economic and financial situation to be satisfactory (18.4%), which requires the identification of the factors, causes and conditions that determined it, as well as the internal reserves for its improvement, in terms of the efficient use of human, material and financial resources.

In terms of the management style applied at the entity level, more than 50% of respondents consider it to be medium level performance, which is due to the fact that the development orientation of the management system in an economic entity needs to be strengthened by creating opportunities for professional development and progression. 46.1% of respondents consider the style of management applied to be a good one, this may be due to the fact that the management systems have as a center of gravity the mentoring, motivation and development of employees in order to achieve individual and team objectives to stimulate high performance.

Regarding the frequency of use of management tools, the data obtained illustrates that 40.6% of respondents use budget management, a management system characterized by forecasting, control and evaluation of activities through budgets, the foundation being the establishment of objectives in the form of financial indicators. A significant proportion of respondents (24.70%) use objective management which involves decentralization of the decision-making system by delegation of tasks. 10.5% of entities use meeting as a management tool because it plays an important role in the conducting process, defining the team in the simplest way, and giving members the meaning of collective identity. Respondents also believe that project management (9.2%) is a special management system designed to solve complex problems, with a strong innovative character, characterized by the ability to adapt to the challenges encountered at the organization level and its results, and to effectively manage the risks that may arise at any given



time. Only a small part of those surveyed checked as management tools, dashboard, diagnostics, delegation and exception management.

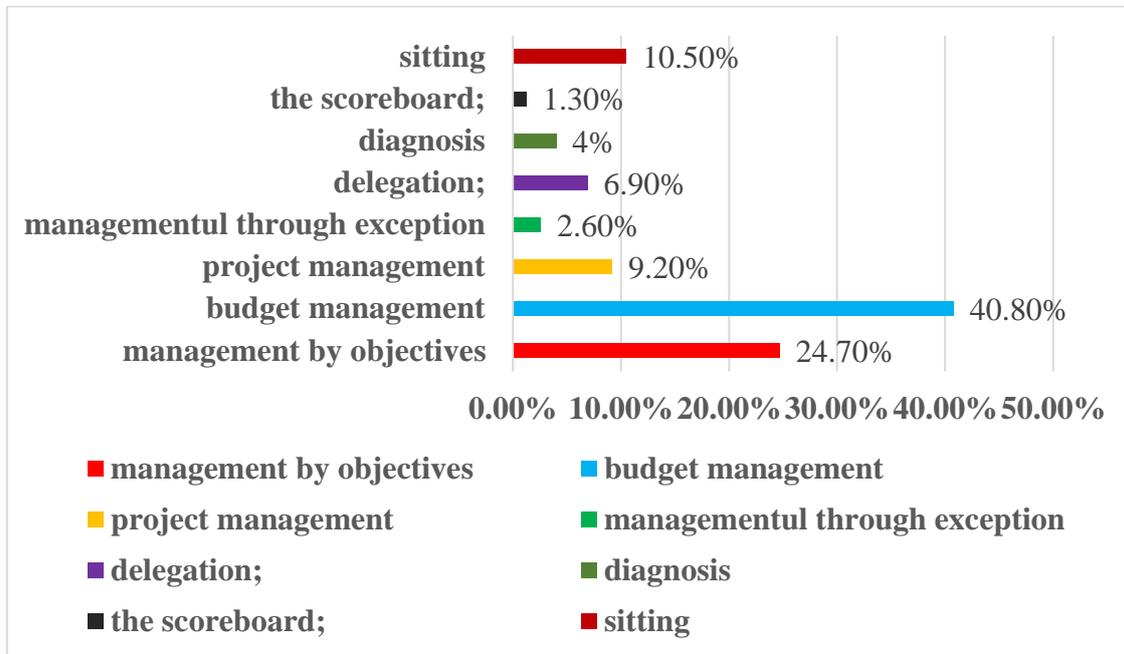


Figure 1. Frequency of use of managerial tools

Source: Own processing based on responses obtained from questionnaire completion by respondents available at <https://docs.google.com/forms/d/1ZcWufq7TT-b15JVQmCGPyU0lJwK7jjTkjO1A2qbIkvo/edit>

Respondents' responses to the overall target over the next three years illustrate that 52.6% of respondents emphasize increased customer satisfaction by providing a reliable baseline for assessing the company's performance and the implementation of strategic plans, providing a clear benchmark for company decision makers. 22.4% of the managers surveyed consider that the internationalization of the business is appropriate to increase the value of the company, by elaborating with lucidity an effective development plan, the execution of the plan being the piece of resistance. It should be remembered that the objective of increasing the productivity of the people and the resources available (15.8%) is considered a strong point to stimulate sustainable economic growth, it is important to create the conditions that give everyone the opportunity to seek to be more creative and productive, through access to the opportunities that allow them to take concrete actions to fulfill the strategic plans at the level of the economic entity, stimulating economic progress. An insignificant part of the respondents marked as a general objective the assumption of responsibility towards the community and perseverance in



adopting ethical behavior (9.2%), in the light of the fact that the adoption of appropriate business behavior is governed by firm principles that ensure reliable relationships in the business environment and to raise the awareness of businesspeople to community and environmental issues.

The results of the questionnaire reveal that economic factors influence to a large extent the strategy of economic entities, in terms of the existence of the market upon which the survival and development of the firm depends. Second place is occupied by managerial factors (52.6%) the impact of this determinant fulfilling an important role in the implementation of the strategy against the background of management professionalization. The weighting occupied by technical and technological factors with a level of medium influence on the organization's strategy (55.2%) should not be neglected, in terms of technical elements characterizing the company profile, with beneficial contributions in terms of endowment with material and financial resources in shaping the strategic options .

52.6% of respondents believe that environmental and legal factors have an average influence on the organization's strategy, through the restrictions imposed by the protection of the environment and the conservation of resources, which is indispensable for the economic entity. At the same time, in order to make a significant progress in economic activity, it is necessary to comply with the legal regulations in force, which allow decision-makers to avoid paying penalties, and to create the necessary conditions to highlight the way in which the strategy is drafted and implemented.

The prevalence of political factors in the implementation of the strategy has an average influence through the scope of action in the space and field of activity of the respective organization in the forecast of the economic future.

Socio-cultural factors influence the implementation of the strategy because their impact is aimed at the strategic dimension of resources, the strategic options and the deadlines for achieving them.

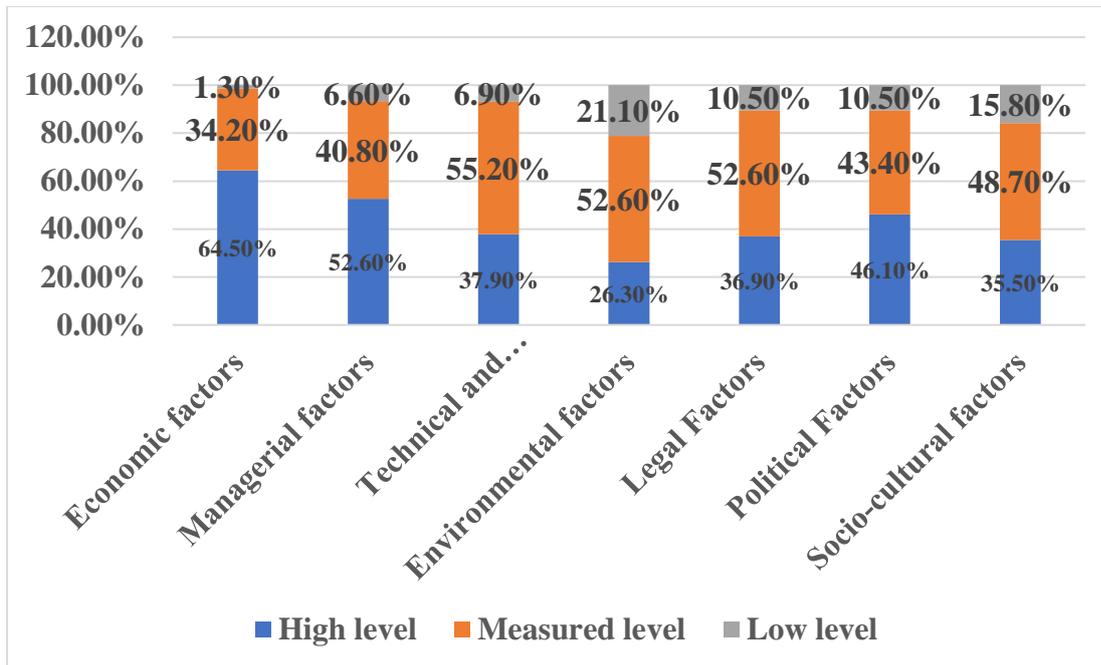


Figure 2. Assessment of the level of influence on the organization's strategy

Source: Own processing based on responses obtained from questionnaire completion by respondents available at <https://docs.google.com/forms/d/1ZcWufq7TT-b15JVQmCGPyU0lJwK7jjTkjO1A2qbIkvo/edit>

86.8% of respondents believe that the top-level management has an important role in shaping the organization's strategy and management plan, managers must show entrepreneurship, strategic thinking, a good knowledge of the market they operate, the accumulated experience being the guarantee of obtaining high performance results.

Another factor determined in the foundation and implementation of the strategy is the economic and financial situation of the organization, which influences the degree of achievement of the objectives, through the allocated resources, the choice of the most appropriate strategic options to ensure the improvement of the company's performance.

The size of the organization influences the strategic options, which can choose between specialization and diversification in order to strengthen the firm's position on the market.

The assortment of products determines the complexity of the actions carried out by the organization from a strategic point of view. This complexity requires an analysis of the production costs in close correlation with the satisfaction of customer needs, the opening of new markets or a new positioning of the firm's products on the market.



The human and informational potential of knowledge are key elements in the course of all phases of the strategic process in an organization, the quality of the personnel involved being the result of elements such as the degree of motivation, the work capacity, the accumulated knowledge volume.

Organizational culture also influences the duration and effectiveness of the implementation of strategic options adapted to economic reality.

The resources involved in the adoption of the strategy at economic entity level include all or part of the existing equipment and technology contained in the implementation of the strategic plan implemented by the management .

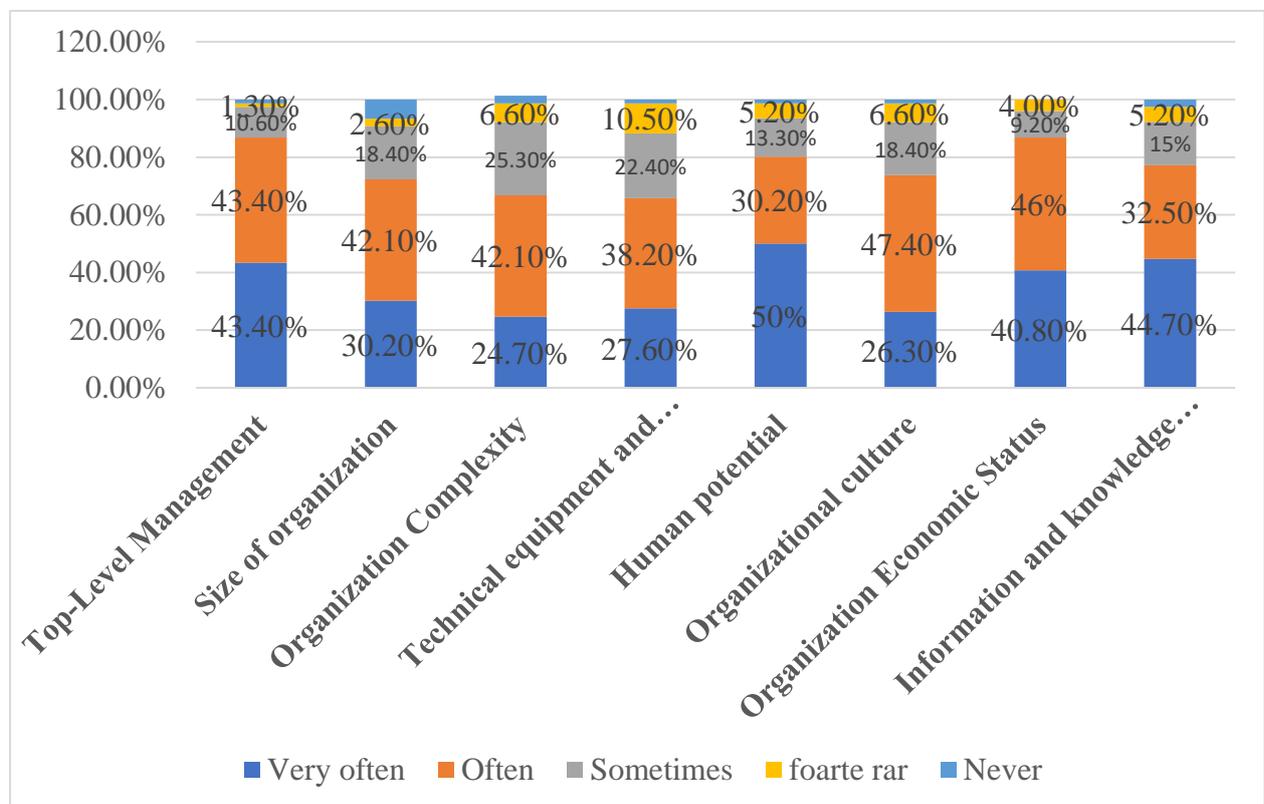


Figure 3.Appreciation of the influence of internal environmental factors in the foundation and implementation of the strategy

Source: Own processing based on responses obtained from questionnaire completion by respondents available at <https://docs.google.com/forms/d/1ZcWufq7TT-b15JVQmCGPyU0lJwK7jjTkjO1A2qbIkvo/edit>

71.4% of respondents mentioned that the most important function that strategic planning fulfills is that it supports the messages sent by the economic entity, both to the internal and external



environment, allows the management to know the organization as well as possible, by assessing the compliance of products and services tailored to the needs of customers.

A second place in the strategic planning function is that which provides a prioritization plan for the projects carried out by the economic entity (67.2%) is a necessity because the projects must be linked to existing priorities that generate economic benefits that support the economic growth of the entity and help to strengthen the strategic decision-making process.

Another issue addressed and of utmost importance is strategic planning is the function that provides the direction in which the economic entity proposes to develop (67.1%) by creating a competitive advantage for market positioning.

Organizational culture and management style applied at the level of the organization condition the synergy effect that helps the decision-making process through the set of creative ideas, competence, participation and pro-active involvement that are based on studies and in-depth research in a certain field of activity.

51.6% of respondents consider that the function of strategic planning is to coagulate the forces of all the economic entity structures to contribute to achieving the same vision and objectives, where evaluation becomes an effective control and management tool through which human resources are directed to achieve organizational objectives.

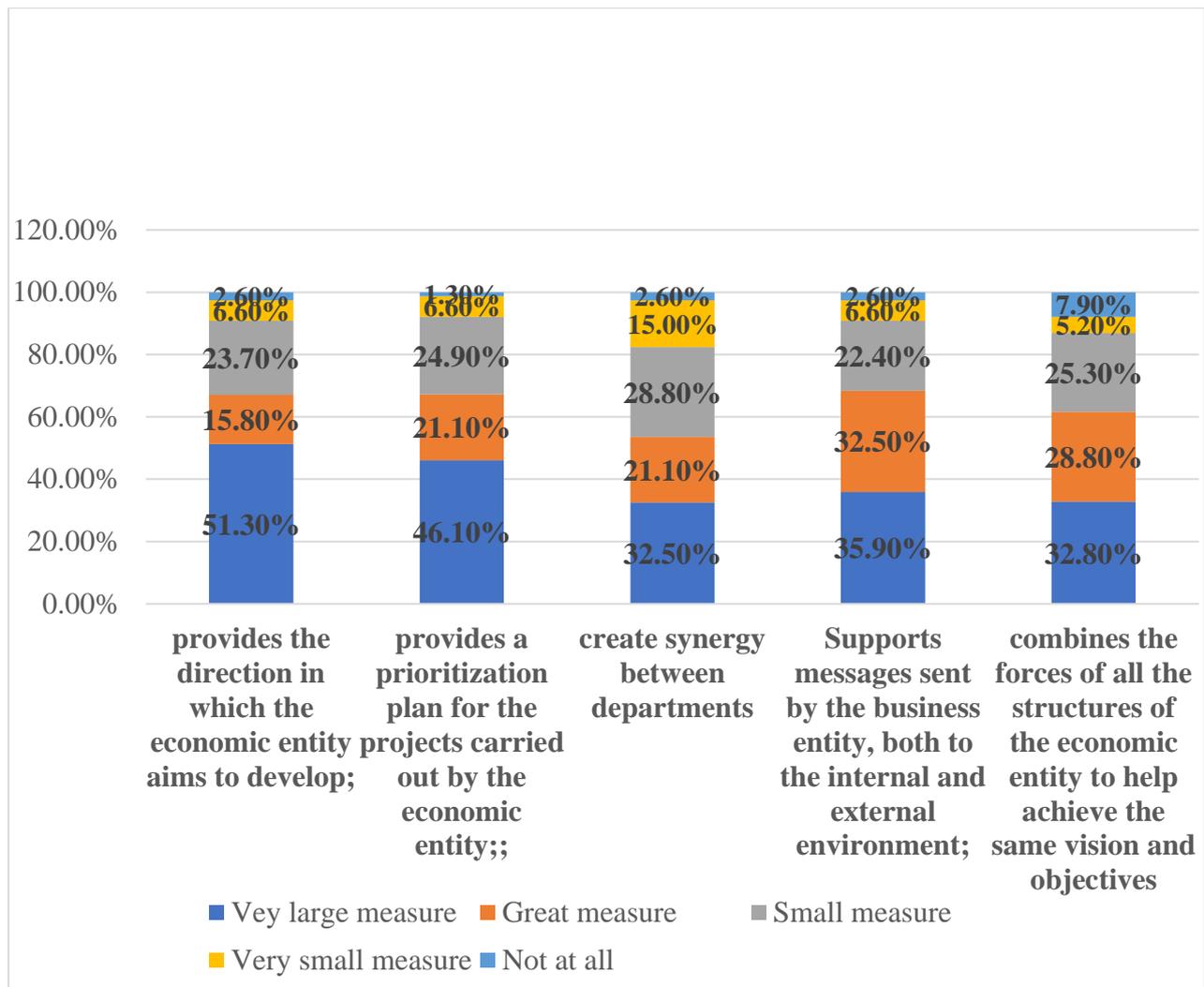


Figure 4. The importance of the functions fulfilled by the strategic planning

Source: Own processing based on responses obtained from questionnaire completion by respondents available at <https://docs.google.com/forms/d/1ZcWufq7TT-b15JVQmCGPyU0lJwK7jjTkjO1A2qbIkvo/edit>

The target group of the sample was asked to evaluate on a scale from 1 to 5 the importance of the functions fulfilled by the strategic planning

- provides the direction in which the economic entity aims to develop;
- provides a prioritization plan for the projects carried out by the economic entity;
- create synergy between departments;
- Supports messages sent by the business entity, both to the internal and external environment;



- combines the forces of all the structures of the economic entity to help achieve the same vision and objectives

Table 4. The importance associated with the functions fulfilled by the strategic planning

	Score	Length	Minimum limit	Maximum limit	Range
The most important	1	0,8	1	1,8	(1;1,8)
Very important	2	0,8	1,8	2,6	(1,81;2,6)
Important	3	0,8	2,6	3,4	(2,61;3,4)
Little important	4	0,8	3,4	4,2	(3,41;4,2)
The least important	5	0,8	4,2	5	(4,21;5)

Source: authors' own processing

Using the statistical program SPSS, we gave scores from 1 to 5 according to the importance given to the objectives pursued by managerial accounting, obtaining the following results (table 4):

- provides the direction in which the economic entity aims to develop is very important obtaining a score of 1.93 located in the range (1.81; 2.6)
- provides a prioritization plan for the projects carried out by the economic entity registering a score of 1,96. located in the range (1.81;2.6)
- create synergy between departments obtaining a score of 2.33.
- Supports messages sent by the business entity, both to the internal and external environment obtained a score of 2.08 located in the range (1.81;2.6).
- combines the forces of all the structures of the economic entity to help achieve the same vision and objectives is considered by the respondents as one of the most important functions fulfilled by the strategic planning registering a score of 2.24

Table 5. Descriptive Statistics



	N	Minim um	Maxim um	Mean	Std. Deviation
provides the direction in which the economic entity aims to develop;	76	5	1,93	1,124	1
provides a prioritization plan for the projects carried out by the economic entity	76	5	1,96	1,051	1
create synergy between departments;	76	5	2,33	1,159	1
Supports messages sent by the business entity, both to the internal and external environment;	76	5	2,08	1,043	1
combines the forces of all the structures of the economic entity to help achieve the same vision and objectives	76	5	2,24	1,210	1
Valid N (listwise)	76				

Source: authors' own processing using SPSS

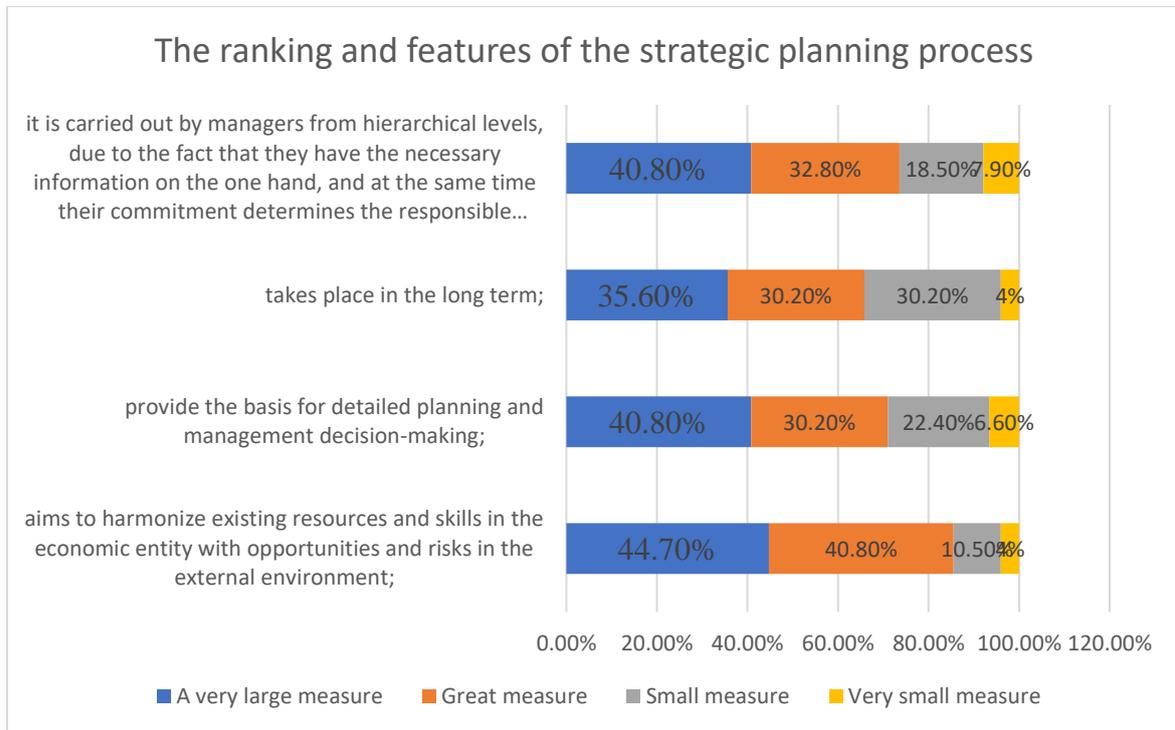


Figure 5. The ranking and features of the strategic planning process

Source: Own processing based on responses obtained from questionnaire completion by respondents available at <https://docs.google.com/forms/d/1ZcWufq7TT-b15JVQmCGPyU0lJwK7jjTkjO1A2qbIkvo/edit>

Regarding the characteristics of the strategic planning process, 85% of respondents believe that strategic planning is carried out by managers at hierarchical levels, due to the fact that they have the necessary information on the one hand, and at the same time their commitment determines the subordinates responsible for implementing this strategic action plan, improving transparency and communication between management, employees and stakeholders.

Another important feature in the strategic planning process is the harmonization of existing resources and skills in the economic entity with opportunities and risks in the external environment through complex analyzes that allow to assess the dynamics of a firm's long-term performance.

Strategic planning plays an important role in the efficient and effective allocation of resources of all kinds, as it is done in the long term.

It is also of particular importance that planning is the basis for detailed planning and management decision-

making at management level, given the degree of achievement of strategic objectives and the



quantification of the results obtained that reflect an entity's performance and financial position

The target group of the sample was asked to evaluate on a scale from 1 to 4 the ranking and features of the strategic planning process:

- aims to harmonize existing resources and skills in the economic entity with opportunities and risks in the external environment;
- provide the basis for detailed planning and management decision-making;
- takes place in the long term;
- it is carried out by managers from hierarchical levels, due to the fact that they have the necessary information on the one hand, and at the same time their commitment determines the responsible subordinates with the implementation of this strategic action plan;

Table 6. The ranking and features of the strategic planning process

	Score	Length	Minimum limit	Maximum limit	Range
The most important	1	0,8	1	1,8	(1;1,8)
Very important	2	0,8	1,8	2,6	(1,81;2,6)
Important	3	0,8	2,6	3,4	(2,61;3,4)
Little important	4	0,8	3,4	4,2	(3,41;4,2)

Source: authors' own processing

Using the statistical program SPSS, we gave scores from 1 to 5 according to the importance given to the objectives pursued by managerial accounting, obtaining the following results (table 5):

- aims to harmonize existing resources and skills in the economic entity with opportunities and risks in the external environment is the important features of the strategic planning process obtaining a score of 1.70 located in the range (1.00; 1.81)
- provide the basis for detailed planning and management decision-making registering a score of 1,95.located in the range (1.81;2.6)
- takes place in the long term obtained a score of 2.03 located in the range (1.81;2.6).
- it is carried out by managers from hierarchical levels, due to the fact that they have the necessary information on the one hand, and at the same time their commitment determines the



responsible subordinates with the implementation of this strategic action plan is very important obtaining a score of 1.92 located in the range (1.81; 2.6)

Table 7.Descriptive Statistics

	N	Minim um	Maxim um	Mean	Std. Deviation
aims to harmonize existing resources and skills in the economic entity with opportunities and risks in the external environment	76	1	4	1,70	,766
provide the basis for detailed planning and management decision-making;	76	1	4	1,95	,951
takes place in the long term	76	1	4	2,03	,909
it is carried out by managers from hierarchical levels, due to the fact that they have the necessary information on the one hand, and at the same time their commitment determines the responsible subordinates with the implementation of this strategic action plan;	76	1	4	1,92	,949
Valid N (listwise)	76				



Source: authors'own processing using SPSS

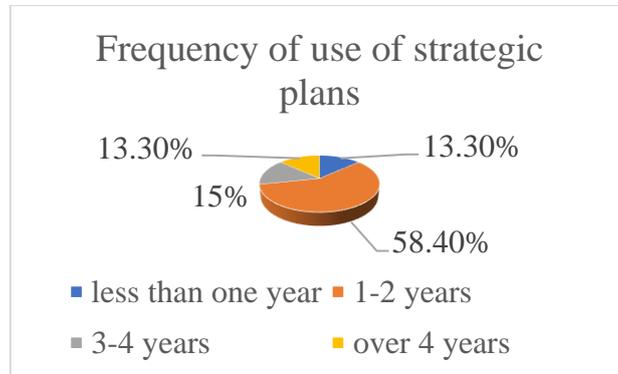


Figure 6.Frequency of use of strategic plans

Source: Own processing based on responses obtained from questionnaire completion by respondents available at <https://docs.google.com/forms/d/1ZcWufq7TT-b15JVQmCGPyU0lJwK7jjTkjO1A2qbIkvo/edit>

A useful and efficient tool for the strategic management process is the strategic plan in written form. A majority of respondents stated that the duration of the use of the strategic plan in written form is between 1 year and 2 years as it provides a milestone on the way the strategy is implemented and grounded, the degree of achievement of the objectives set and allows the analysis of the dynamics regarding the evolution of the activity. Some of the respondents consider that the time to achieve the strategic plan stretches over a period of 3-4 years, a risk assumed in strategic planning, because the time factor is limited and involves additional costs. The remaining share of the total goes to those who considered that they use the strategic plan in written form in less than one year. This is unrealistic and ideal because strategic planning is carried out in the long term. On the contrary, there are those who said that the frequency of using strategic plans is beyond the 4-year deadline, which is due to turbulences of the economic environment.

CONCLUSIONS

In conditions of uncertainty, managers are forced to monitor and implement a management system that meets the challenges of the business environment, and meets the necessary requirements for adaptation of strategic strategies and capabilities.

The contribution of the manager in the strategy configuration is achieved through special attributes such as entrepreneurship, awareness, experience gained on the labor market, strategic



thinking and the degree of involvement in the future evolution of the company of which he is part through the well-structured management plan in order to achieve high performance.

The size of the organization is a factor often encountered in substantiating the strategy through the extent of the resources held and which can attract them in relation to the degree of achievement of the forecast objectives. Thus, the strategy fulfills an important role in forecasting the future, because it allows us to evaluate progress against the strategic objectives by setting the directions of action and setting the priorities beneficial for analyzing the dynamics of economic activity.

Strategic planning aims to harmonize existing resources and skills in the economic entity with opportunities and risks in the external environment through a complex analysis that will allow to assess the dynamics of a firm's performance in the long term.

Strategic planning is about allocating resources of all kinds efficiently and effectively, since this is done in the long term.

The function of strategic planning to coagulate the forces of all the structures of the economic entity contributes to achieving the same vision and the same objectives, where evaluation becomes an effective control and management tool through which human resources are directed to achieve organizational objectives.

It is also of particular importance that planning is the basis for detailed planning and management decision-making at management level, given the degree of achievement of strategic objectives and the quantification of the results obtained that reflect an entity's performance and financial position.

A useful and efficient tool for the strategic management process is represented by the strategic plan. Providing a prioritization plan for the projects carried out by the economic entity is a necessity because the projects must be linked to existing priorities that generate economic benefits that support the entity's economic growth and help to strengthen strategic decision-making.

Organizational culture and management style applied at the level of the organization conditions the synergy effect that influences the decision-making process through the set of creative ideas, competence, participation and pro-active involvement based on studies and in-depth research in a certain field of activity.

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