ABSTRACT

A strategic management model is the representation of the structure of strategic management in combination of strategies and management activities. It is, basically, a simplified system used to stimulate organization direction, environmental scan, SWOT analysis, strategy formulation, implementation and control in the light of real life situations. The ultimate purposes of strategic management models are to help organizations increase performance through improved effectiveness, efficiency and flexibility. The objective of the study is to assess the strategic management models in the light of different strategies, strategic concepts, plans, control tasks etc. developed till today. The ultimate success of strategic management models depends on the effective utilization of the strategy or strategies in adjustment with the changes taking place in the market forces and global competition.

1. INTRODUCTION

During the 1950s and early 1960s, many American firms were confronted with disturbing symptoms that could be readily remedied by available management techniques and which had no precedent in recent experience. The rapid rise in the number of interest groups such as competitors, stockholders and consumer groups, making proliferation of mergers and acquisitions, began to strain the applicability of the relatively simple business policy approach management.

To deal with these types of changes, the managerial techniques of long-term budgeting, financial control, even the then popular long-term planning appeared inadequate and firms began to turn their energies to the development of new management approach. The emerged approach through trial, error, and exchange of experiences became known as strategic planning. Today this approach is more frequently called strategic management approach.

Strategic management is a combination of strategy and management. Strategy involves the determination of the purpose or mission and basic long-term objectives of an enterprise, and the adoption of courses of action and allocation of resources necessary to achieve these aims. Objectives, therefore, are a part of strategy formulation. Strategy concerns the direction in which human and material resources will be applied in order to increase the change of achieving selected objectives. Management involves the effective utilization of human and material resources to achieve the enterprise’s objectives. Thus, a model of strategic management is a representation of the proposed structure of strategic management in combination of strategies and management activities.

2. OBJECTIVES OF THE STUDY

The main objective of the study is to assess the strategic management models in the light of different strategies, strategic concepts, plans, control tasks etc. The evaluation of the characteristics of traditional planning and strategic planning, strategic management process and various types of strategy, their implementation and control tasks etc. are also brought under consideration of the study.
3. JUSTIFICATION OF THE STUDY

Managers develop strategies to give order to how an organization goes about its business to achieve target objectives. Without a strategy, there is no established course to follow, no roadmap to manage by, no coherent action plan for producing the intended results. Although strategic management can be useful in all types of organizations, all firms obviously do not reject proven management practices; it is simply a way to give appropriate emphasis to a major responsibility to top management. The ultimate purposes of strategic management models are to help organizations increase performance through improved effectiveness, efficiency and flexibility. This study will be helpful for strategic planners and decision-makers to face odd situation in challenge management.

4. METHODOLOGY OF THE STUDY

Intensive desk study had been conducted to have a clear idea about strategy, management, strategic management and above all strategic management models in the form of related literature review which helped the researcher to design the necessary conceptual and theoretical framework of the study. Major observations were also made showing the comparison between traditional planning and strategic planning. Different strategic management models had also been consulted carefully in developing a proposed strategic management model.

5. REVIEW OF RELATED LITERATURE IN DESIGNING THE CONCEPTUAL AND THEORETICAL FRAMEWORK

5.1 Strategy: Thompson and Strickland defined strategy as “the pattern of organizational moves and managerial approaches used to achieve organizational objectives and to pursue to organization’s mission.” Strategy is a course of action, including the specification of the resources required, to achieve a specific objective. The specific objective may be the corporate objective or it may be a unit/functional objective. The corporate objective is that objective which is corporate to the business as a whole organization, which should be clearly stated, capable of being measured and attainable with effort. According to Smith, Arnold and Bizzle, strategy is the overall game plan or map to help lead or direct the organization toward the desired objectives. This overall game plan forms the basis for policies and procedures, which are more specific statement outlining what the firm will do in certain situations. Strategies mostly refer to a general program of action and deployment of emphasis and resources to attain organization’s objectives, which should be based on self-appraisal and built up in the light of information of the environment in which management has to work. Management is to study weakness and strength of the company in the case of its product, market, technology, values, and prejudices and quality of its managers and compare these to its competitors and build up its own strategy for maximum utilization of the available opportunities in the given environment. Managers develop strategies to give order to how an organization goes about its business and to achieve target objectives. Without a strategy, there is no established course to follow, no roadmap to manage by, no coherent action plan for producing the intended results. Good strategy and good strategy implementation are the most trustworthy signs of good management. For our purpose, we may think strategy as the longer-term deliberations and decisions which determine the direction the enterprise is to take, to achieve its objectives in the light of expectations about the activities of others in the field. Strategists are those involved in this purpose.

5.2 Management: Many eminent experts in different ways have defined the term management. Stoner and Freeman defined it as “the process of planning, organizing, leading and controlling the work of organization members and of using all available organizational resources to reach stated organizational goals”. Trewatha and Newport defined management as, “the process of planning, organizing, actuating and controlling an organization’s operations in order to achieve a co-ordination of the human and material resources essential in the effective and efficient attainment of objectives. The activities in this process are called the functions of management. These functions must be performed by all persons in managerial position, whether administrators, directors, generals, department heads or first-line supervisors. In addition, it should be recognized that the management process is best described by these
functions, rather than by the status or rank held by certain managers in an organization”.

Glueck 13 defined management as the effective utilization of human and material resources to achieve the enterprise’s objectives. Good management is the key difference between the success and failure of enterprises. Firms can fail because of inadequate funds, improper marketing, incompetent product design, and for many other reasons. But they often fail because the basic managerial tasks are performed poorly or not at all.

Mary Parker Follet called management “the art of getting things done through people”. By explicitly adding the organizational environment to her theory, Follet paved the way for management theory to include a broader set of relationships; some inside the organization and some across the organization’s borders.

5.3 Strategic Management: Strategic management is that set of managerial decisions and action that determines the long-run performance of a corporation. It includes environmental scanning, strategy formulation, strategy implementation, evaluation and control. The study of strategic management, therefore, emphasizes monitoring and evaluating environmental opportunities and threats in light of a corporation’s strength and weakness. 14

According to Smith, Arnold and Bizzle, 15 “strategic management is the process of examining both present and future environments formulating the organizations objectives and making, implementing and controlling decisions focused on achieving these objectives in the present and future environments”. It is critical that management analyzes both the external environments and the firms’ internal capabilities and resources. The firm’s internal strengths and weakness can be deployed to take advantage of external opportunities and to minimize external problems. 16 They mentioned about the advantages of strategic management 17 as: (i) it provides organizations with a clearer goals and direction; (ii) the strategic management approach helps management to focus on future opportunities and threats; (iii) the strategic management process helps relate a firm’s decision-making process to relevant environmental conditions and (iv) it reduces the risk of catastrophic problems and increases the probabilities of a firm taking advantage of environmental opportunities as they arise.

Pearce and Robinson 18 defined it as the set of decisions and actions resulting in the formulation and implementation of strategic designed to achieve the objectives of any firm. The major areas of strategic management are mission of firm (purpose, philosophy and goals), company profile (internal condition and capability), external environment in terms of competitive and general contextual factors, strategic choice of long-term objectives etc. Strategy covers goal, market share, return on investment, growth, general direction and purpose while strategic plans comprise production plans i.e., what will be produced and how, how funds will be acquired and used, what kinds of skill will be needed and how products and services will be distributed, promoted and sold.

Certo and Peter 19 defined strategic management as a continuous, iterative process aimed at keeping an organization as an appropriately matched to its environment. They emphasized that managers engage in series of steps like, performing an environmental analysis, establishing organizational directions, formulating organizational strategies, implementing organizational strategies and exercising strategic control. By the term “iterative”, they means that the process of strategic management starts with the first step, ends with the last step and then again with the first step. According to Griffin 20 “strategic management is a comprehensive and ongoing management process aimed at formulating and implementing effective strategies that promote a superior alignment between the organization and its environment and the achievement of strategic goals”.

Thompson and Strickland 21 mentioned five interrelated components of strategic management. These are: (i) developing a concept of the business and forming a vision of where the organization needs to be headed; (ii) translating the mission into specific long-range and short-range performance objectives; (iii) crafting a strategy to achieve the targeted performance; (iv) implementation and executing the chosen strategy, and (v)
evaluating performance, reviewing the situation and initiating corrective adjustments in mission, objectives, strategy or implementation in light of actual experience, changing conditions, new ideas and new opportunities.

According to Glueck & Jauch strategic management is a stream of decisions and actions which leads to the development of an effective strategy or strategies to help achieve corporate objectives. The strategic management process is the way in which strategists determine objectives and makes strategic decisions.

Bowman & David stated that strategic decisions are big decisions, which significantly affect the firm’s ability to achieve its objectives. Decisions are about products to sell in particular market, to build a new factory, pay system, production system, organization structure, management style and promotions. Virtually strategic management is the process of strategic change. Strategic change arises out of the interaction of objective and subjective conditions. The objective conditions are present and future positions of the firm’s environment and uses of firm’s resources. The environment consists of competitive situation, economic and technological environments, political and social situation facing by the firm. These may be external and internal which are virtually adaptable to systematic presentation. Subjective conditions consist of social, psychological and political factors faced by the firm. Past management decisions, the external environment, formal and informal leadership, structure of the organization etc. are also relevant.

From above discussions we can say that strategic management as a series of steps in which top management should accomplish the following tasks:

i) Analysis of the opportunities and threats or constrains that exists in the external environment.

ii) Analysis of the organization’s internal strengths and weaknesses.

iii) Establishment of the organization mission and development of the goals.

iv) Formulation of strategies that will match the organization’s strength and weakness with the environments opportunities and threats.

v) Engagement in strategic control activities to ensure that the organizations goals are attained.

6. MAJOR OBSERVATIONS

Traditional planning versus strategic planning: Traditional planning practices are quickly becoming absolute in our complex and changing environment. Typical public corporation planning has been characterized as being reactive, short-range, staff oriented, routine, dominated by single issues, small-scale change, hierarchical in nature and generally lacking in community support. The events and issues that now must be addressed require new planning techniques. Basic differences between traditional planning and strategic planning are presented here briefly:

Table No. 1

<table>
<thead>
<tr>
<th>Traditional Planning</th>
<th>Strategic Planning</th>
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<tbody>
<tr>
<td>Short-range</td>
<td>Long-range</td>
</tr>
<tr>
<td>Routine</td>
<td>Non-routine</td>
</tr>
<tr>
<td>Single issue</td>
<td>Multiple issues</td>
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<tr>
<td>Organizational issues</td>
<td>Community issues</td>
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<tr>
<td>Hierarchical</td>
<td>Non-hierarchical</td>
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<tr>
<td>Small-scale change</td>
<td>Significant change</td>
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<tr>
<td>Resource driven</td>
<td>Environment driven</td>
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<tr>
<td>Staff oriented</td>
<td>Community oriented</td>
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<td>Management orientation</td>
<td>Political orientation</td>
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<tr>
<td>Operational focus.</td>
<td>Policy focus.</td>
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Long-range strategic planning has become a common practice in the private sector. Strategic planning must be applied to the public sector to enable officials to successfully adapt to the future. New planning models are available to assist public sector in optimizing their human and financial resources. Unlike traditional planning,
strategic planning is proactive, long-range, and community oriented. Additionally, it involves multiple issues, is non-hierarchical in nature and helps achieve a consensus on the issues and problems facing an organization.  

7. A MODEL

A model is a representation of the proposed structure. It is, basically, a simplified system used to stimulate some aspects of the real life situations.

8. STRATEGIC MANAGEMENT MODELS

A strategic management is a representation of the proposed structure of strategic management in combination of strategies and management activities. It is, usually, a simplified system used to stimulate organization direction, environmental scan, SWOT analysis, strategy formulation, implementation and control in the light of real life situations. There are different types of strategic management models. Some of them are discussed here.

8.1 Thompson and Strickland’s Strategic Management Model

According to Thompson and Strickland, the term ‘strategic management’ refers to the managerial process consisting of:

1. developing a strategic vision and business mission,
2. setting objectives,
3. crafting a strategy,
4. implementing and executing the strategy,
5. evaluating performance, monitoring new developments and initiating corrective adjustments.

Strategic management is the managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy and then over time initiating whatever corrective adjustments in the vision, objectives, strategy & strategy execution are deemed appropriate. Task-1 is forming a strategic vision of where the organization is headed so as to provide long-term direction, delineate what kind of enterprise the company is trying to become, and infuse the organization with a sense of purposeful action. Task-2 is setting objectives, that is, converting the strategic vision into specific performance outcome for the company to achieve. Task-3 is crafting a strategy to achieve the desired outcomes. Task-4 is implementing and executing the chosen strategy efficiently and effectively. Task-5 is evaluating performance and initiating corrective adjustments in vision, long-term direction, objectives, strategy, or strategy execution in the light of actual experience, changing conditions, new ideas, and opportunities. Environmental scanning is one of the major tasks of strategic management. It makes strategic management separate from traditional management. But it is completely absent in the
strategic management model developed by Thompson and Strickland.

8.2 Wheelen and Hunger’s Strategic Management Model

According to Wheelen and Hunger, the process of strategic management involves four basic elements. These are:

1. Environmental scanning,
2. Strategy formulation,
3. Strategy implementation, and
4. Evaluation and control.

Figure No. 2
Wheelen and Hunger’s Strategic Management Model

They mentioned that these four basic elements interact each other. At the corporate level, the strategic management process includes activities that range from environmental scanning to performance evaluation. Management scans both the external environment for opportunities, threats and the internal environment for strengths and weakness. The factors that are most important to the corporation’s future are referred to as strategic factors and are summarized with the acronym SWOT, standing for Strengths, Weakness, Opportunities and Threats. After identifying these strategic factors, management evaluates their interaction and determines the appropriateness of the corporate mission. The first step in the formulation of strategy is a statement of mission, which leads to a determination of corporate objectives, strategies and policies. Corporation implements these strategies and policies through programs, budgets and procedures. Finally, performance evaluation and feedback ensure adequate control of organizational activities. In this model, organizational direction is not made clear. Missions and objectives are shown in the formulation of strategy. But in the real life situation, mission and objectives, that is, organization directions need to be explained clearly before the formulation of strategy.

8.3 Certo and Peter’s Strategic Management Model

Certo and Peter defined strategic management as a process or series of steps. According to them, the basic steps include-

1. performing an environmental analysis,
2. establishing organizational direction,
3. formulating organizational strategy,
4. implementing organizational strategy, and
5. exerting strategic control.

Figure No. 3
Certo and Peter’s Strategic Management Model

Strategic management process begins with environmental analysis, the process of monitoring the organization’s environment to identify both present and future threats and opportunities. It
encompasses all factors both inside and outside the organization that can influence toward the attainment of organizational objectives. After management has performed an environmental analysis, it is often better able to establish, reaffirm, or modify its organizational direction. In order to establish organizational direction appropriately, however, management must know what comprises an organizational mission statement, understand the nature of organizational objects, and adopt an effective and efficient process for establishing organizational direction. Strategy formulation is the process of designing and selecting strategies that lead to the attainment of organizational objectives. In order to implement organizational strategy successfully, managers must have a clear idea of several diverse issues: how much change is necessary within an organization when it implements a new strategy, how it is best to deal with organization culture in order to ensure that a strategy will indeed be implemented smoothly, how strategy implementation and various types of organizational structure are related, what different implementation approaches a manager can follow, and what skills are necessary in managers who hope to implement organizational strategy successfully. Last step of strategic control is special type of organizational control that focuses on monitoring and evaluating the strategic management process in order to improve it and ensure that it is functioning properly. In this model, SWOT analysis is not clearly made in order to develop the strategic vision.

8.4 Glueck and Jauch’s Strategic Management Model

According to Glueck and Jauch, strategic management is a stream of decisions and actions which leads to the development of effective strategy or strategies to help achieve corporate objectives. They, basically, identified the following phases in the strategic management model:

1. Analysis and diagnosis
2. Choice
3. Implementation, and
4. Evaluation.

The strategic management process is the way in which strategists determine objectives and make strategic decisions. Strategic decisions are means to achieve the ends. These decisions encompass the definition of the business, products and markets to be served, functions to be performed and major policies needed for the organization to execute these decisions to achieve objectives. Policies are guides to action. They indicate how resources are to be allocated and how tasks assigned to the organization might be accomplished so that functional level managers execute the strategy properly. Moreover, four phases like analysis and diagnosis, choice, implementation and evaluation are determined in the model developed by Glueck and Jauch. Analysis and diagnosis is determining environmental problems and opportunities, and internal strengths and weaknesses. This involves recognizing problems and/or opportunities and assessing information needs to solve the problems and heuristics for evaluating the information. Choosing is generating alternative solutions to the problem, assessing them, and selecting the best one. Implementing is making the strategy work by building the structure to support the strategy and developing appropriate plans and policies. Evaluating is determining whether the strategy is working and taking steps to make it work. A good model concentrates on the point it is studying and leaves out anything not essential to this. This model does not follow those criteria. It presents many stages unnecessarily in the hazardous way.
8.5 Proposed Strategic Management Model: From above discussion of different models of strategic management, we can develop the strategic management model with following six stages:

**Figure No. 5**
A proposed Strategic Management Model

Stage -1: Organization Direction (Mission and Goals)
The first component of strategic management process is defining the mission and major goals of the organization. The mission sets out why the organization exists and what it should be doing. Major goals specify what the organization hopes to fulfill in the short to long-run. The long-term goals and short-term goals are the more specific targets of results the firm wants to achieve. The goals are derived from and must be focused on fulfilling the firm’s mission. After stating the mission and goals of the firm, everyone involved should know exactly what the firm wants to achieve.

Stage -2: Environment Scan
The total environment faced by an organization can be divided into three levels: internal environment, the macro-environment and the tasks environment.

Internal Environment: The internal environment consists of variables that are within the organization itself but not usually within the short-run control of top management. Firm should attempt to determine their strengths and weakness by carefully analyzing these internal factors. Steps can then be taken to reduce any weakness and deploy available strengths to the best possible advantage. Key internal factors include the functional areas of human resources, research and development, production, finance and accounting, marketing and the overall organization culture.

The Macro-environment: The macro-environment includes more general forces that do not directly touch the short-run activities of the organization but that can and often does influence its long-run decisions. The macro-environments shape opportunities and pose threats to the company. The macro forces are generally more uncontrollable than the task factors. The factors of macro-environment are economic, political and government, socio-cultural, natural, physical, technological and international. Each of these macro-environment factors can influence an organization singly or in combination with other factors. As the task and macro-environmental factors are beyond the control of a firm, the industry’s success will depend to a very large extent on its adaptability to the environment i.e. its ability to properly design and adjust the internal variables to take advantage of the opportunities and to combat the threats in the environment.

Task Environment: The task environment includes those elements or groups that directly affect and are affected by an organization’s major operations. It is an external factor to the firm that determines the nature and strength of industry competitors, buyers, supplies, potential entrants and substitutes.

Stage - 3: SWOT Analysis
SWOT analysis is a useful tool for analyzing an organization’s overall situation. This approach attempts to balance the internal strength and weakness of an organization with the opportunities and threats that the external environment presents. The following diagram shows how a SWOT analysis fits into an environment scan:
The point of the analysis is to enable the firm to position it to take advantage of particular opportunities in the environment and to avoid or minimize environment threats. In doing so, the organization attempts to emphasize its strengths and moderate the impact of its weakness. The analysis is also useful for uncovering strengths that have not yet been fully utilized in identifying weakness that can be corrected. Matching information about the environment with knowledge of the organization’s capabilities enables management to formulate realistic strategies for attaining its goals. A firm should not necessarily pursue the more lucrative opportunities; rather it may have a better chance in developing a competitive advantage by identifying a fit between the firm’s strengths and upcoming opportunities. In some cases, the firm can overcome a weakness in order to prepare itself to pursue a compelling opportunity. To develop strategies that take into account the SWOT profile, a matrix of these factors can be constructed. The matrix is as follows:

The SWOT matrix illustrates how management can match the external opportunities and threats facing the particular corporation with its internal strengths and weaknesses to yield in four sets of possible strategic alternatives. This method helps itself to brainstorming to create alternative strategies that management might not otherwise consider. It forces strategic manager’s create both growth and retrenchment strategies.

Stage -4: Formulation of Strategy

Formulation of strategy determines appropriate courses of action for achieving objectives. It includes such activities as analysis; planning and selecting strategies that increase the change then an organization’s objectives will be achieved. Strategy is formulated at three distinct levels the corporate levels, business levels and functional levels.

(i) The Corporate Level Strategy: Top management has four corporate-level strategies available to them. They may elect to pursue a strategy of growth, stability, retrenchment, or a
combination of those. SWOT analysis helps in determining which of these corporate strategies is most appropriate for a particular firm.

**Growth Strategy:** A company may select a growth strategy to increase their profits, sales and/or market share. When a firm possesses valuable strengths and operates in an environment of abundant opportunities, a corporate growth strategy is appropriate. Growth may be attained in a variety of ways, i.e., internal growth, mergers, horizontal integration, conglomerate diversification, vertical integration and joint ventures.

**Stability Strategy:** Stability strategy is one in which a firm attempts to maintain its size and current line of business. It is more suited for a firm that possesses moderate strengths in an environment of moderate opportunities.

**Retrenchment Strategy:** When a firm performance is disappointing or at the extreme or when its survival is at stake, then retrenchment strategies may be appropriate. Retrenchment may take one of three forms: turnaround, disinvestments, or liquidation.

(ii) **The Business Level Strategy:** Michael Porter describes these competitive strategies presumed to be appropriate for a wide variety across diverse industries. Porter suggests that a business should thoroughly analyze its industry and then define a competitive niche by adopting one of three generic strategies;

**Differentiations:** Differentiation strategy attempts to develop an image of its product or service that might be differentiated by attributes such as quality, design, and service. Cost-leadership strategy attempts to maximize sales by minimizing cost per unit. Low cost may be achieved through efficiencies in production, product design, distribution channels and similar means. In the focus strategy an organization targets products or services at a specific area such as a geographic location or customer group.

(iii) **The Functional Level Strategy:** Functional strategies focus on how the organization will approach its basic functional activities. Many organizations develop marketing, financial, production, research and development and human resource strategies. Marketing strategy issues such as promotion techniques to be used, pricing product mix, and overall image. Financial strategy specifies the capital structure of the organization, debt policy, asset management procedures, and dividend policy. Production strategy is concerned with issues of quality, productivity and technology. Human resource strategy such as compensation, selection, performance appraisal, and other aspects of the organization’s human resources and research and development strategy focuses on issues regarding product development, licensing and the organization’s commitment to innovation.

**Stage - 5: Implementation of Strategy**

Having chosen a strategy to achieve the goals of the company, that strategy then has to put into action; it has to be implemented. In order to implement organizational strategy successfully, managers must have a clear idea of several diverse issues; how much change is necessary within an organization when it implements a new strategy, how it is best to deal with organization culture in order to ensure that a strategy will indeed be implemented smoothly, how strategy implementation and various types of organizational structures are related, what different implementation approaches a manager can follow, and what skills are necessary in managers who hope to implement organizational strategy successfully.

**Stage - 6: Strategic Control**

Strategic control consists of determining the extent to which the organization’s strategies are successful in attaining its goals and objectives. If the goals and objectives are not being reached as planned, then the intent of control is to modify the organization’s strategy and/or implementation so that the organization’s ability to accomplish its goals will be improved. Strategic control process consists of several steps. At first, top management must decide what elements of the environment and of the organization need to be monitored, evaluated, and controlled. Then, standards must be established with which the actual performance of the organization can be compared. Next, management must measure the company’s
actual performance. These measures will generally be both quantitative and qualitative. The performance measurements will then be compared with the previously established standards. If performance is in line with the standards or exceeds them, then not corrective action necessary. However performance falls below the standards, then management must take remedial action.

9. CONCLUSION

A good model concentrates on the point it is studying and leaves out anything not essential to this. Strategic management model should also follow the same. Strategic management is not a box of tricks or a bundle of techniques. It is analytical thinking and commitment of resources to action. A model of strategic management is a representation of the proposed structure of strategic management in combination of strategies and management activities. It is, mainly, a simplified system used to stimulate organization direction, environmental scan, SWOT analysis, strategy formulation, implementation and control in the light of real life situations. The ultimate success of strategic management models depends on its effective utilization. The job of the strategic manager is to make the best use of a firm’s resources in a changing environment. Its implementation is affected by both the internal and the external business environments, which need to be adjusted with the changing business strategy considering the market forces and competition in global context. Without an effective strategy the organization is like a ship without rudder. The survival of an organization also depends on wise selection and simple maintenance of effective strategy or strategies to help achieve the objectives.

REFERENCES


3. Ibid.


16. Ibid.

17. Ibid., p. 67.


