

Organization of the Development of a Business Strategy and Interpretation of Approaches Used By the Management of Russian Manufacturing Companies: The State of the Information Component of the Strategic Process

Nikolay A. Dimitriadi
Department of General and Strategic Management
 Rostov State University of Economics,
 RSUE
 Rostov-on-Don, Russia
 ndimitriadi@yandex.ru

Ttiana Yu. Sinyuk
Department of Anticrisis and Corporate Management
 Rostov State University of Economics,
 RSUE
 Rostov-on-Don, Russia
 t_sinyuk@mail.ru

Irina V. Mishurova
Department of Anticrisis and Corporate Management (of Affiliation)
 Rostov State University of Economics,
 RSUE
 Rostov-on-Don, Russia
 irina.mishurova@gmail.com

Vladimir M. Dzhukha
Department of Innovation Management and Entrepreneurship
 Rostov State University of Economics,
 RSUE
 Rostov-on-Don, Russia
 dvm58@yandex.ru

Olga B. Chernenko
Department of State Municipal Management and Economic Security
 Rostov State University of Economics,
 RSUE
 Rostov-on-Don, Russia
 obch2911@yandex.ru

Svetlana Yu. Sharrbatsiuk
the Faculty of Accounting
 EE "Grodno State Agrarian University"
 Grodno, Republic of Belarus
 svet_ggau@mail.ru

Abstract—The article presents the results determine frequency of use leaders of modern Russian manufacturers pharmaceutical products basic approaches to organizing strategic planning (corporate planning, iteration planning, intuitive planning, chaotic planning).

An assessment is made by the top management of the studied companies of the specificity of the implemented strategic process in the companies they manage for compliance definitions of the strategy (detailed action plan, principle of behavior, position, perspective, technique (aimed at disorienting a competitor)

The results obtained demonstrated the organization of the process of developing a business strategy at a small technological level. One of the most poorly organized components is the "level of structuring of the information collected."

The responses of the respondents are dominated interpretation of the specifics designed them for business strategies as a "detailed action plan" and "prospects".

The authors attribute the results to the predominant orientation of respondents to planning current activities, as well as to the presence of significant opportunities to increase the level of understanding of management by the companies studied the specifics of strategic management.

Keywords: *approaches to the organization of strategic planning, business strategy, information component*

I. INTRODUCTION

Various aspects of strategic management aimed at achieving commercial success in a dynamically changing business environment [14] attract the attention of many specialists [2, 3, 7, 8, 13, 19, 22]; appeared there studies

devoted to the analysis of the evolution of strategic management concepts [11].

A number of works have demonstrated the positive role of strategic management in increasing the level of profitability of foreign economic activity [5], the resource concept [23] is being further developed. A substantial part of the research is aimed at analyzing the strategies for collecting and analyzing information [17-18, 23-25, 26], as well as methods for processing it [3], which are being implemented in the process of development. It should be noted that experts identify several approaches to organizing the strategic planning process [20]:

- corporate planning [8], which implies full control by top management over the implementation of a carefully organized strategic process;
- iteration planning (logical incrementalism) [12], which involves the formulation by top management of the main goals (to achievement of which the strategy should be focused on) and the organization of the development process in the functional subdivisions of the strategy components, which are improved as they are presented to management and recommendations are received on their adjustment;
- intuitive planning (muddling through) [21] (unambiguously assessed by experts [20] as less effective than the two previous approaches) includes solving employees a series of small tasks received from management related to the search for ways of strategic development of the company;

- chaotic planning (garbade can), [6, 10, 15], sometimes referred to by experts as the "wastebasket", is characterized by a very chaotic choice (guide) to solve, often unrelated problems [20].

Probably, the specificity of the definition of the concept of "strategy" plays a significant role in choosing a concept of strategic planning, from which top management comes from, forming a strategic management system in the company. In the modern scientific literature one can find the definition of anti-crisis strategy [23], the classification of crises in the corporate environment, the role of strategic management technologies in overcoming crisis situations [1], and the definition of the specifics of training strategies [16]. Of considerable interest are the definitions of the concept of "strategy" systematized by G. Mintzberg [17] (the "5p" concept), which are the basis of the strategic management concepts used in practice — a plan, principle of behavior, position, perspective, technique (aimed at disorienting a competitor).

The purpose of this study is to study the relationship between the specifics of the organization of the strategic process and the interpretation of the concept of "strategy" by top management of modern Russian manufacturing companies.

II. RESEARCH METHODS

To achieve this goal, expert interviews (EI) and questionnaire survey were conducted.

The purpose of EI is to identify the main specific characteristics of the above approaches to the organization of strategic planning. 14 experts in the field of strategic planning took part in the EI: 9 men and 5 women, whose age ranged from 29 to 47 years, work experience in the studied area from 3,5 to 18 years.

The goals of the questionnaires are to determine the frequency of use in the studied companies of the approaches to strategic planning organization identified during the EI, as well as the level of compliance of the specifics of the strategic process in each studied company with each of the definitions of the strategy included in the questionnaire (detailed action plan, principle of behavior, position, perspective, reception (aimed at disorienting a competitor)). 43 pharmaceutical manufacturing companies were studied, 43 top managers (one from each company studied) were involved in the questionnaires: 26 men and 17 women with seniority in senior positions from 3 to 17.5 years, age - from 30 to 49 years.

Respondents were asked, using the scale presented in Table I, to assess the frequency of application in their companies when developing a business strategy of the specific characteristics of various approaches identified during the EI process, and also, using Table II, to assess the degree of conformity implemented in the company of the strategic process each of the strategy definitions included in the questionnaire.

TABLE I. A SCALE FOR ASSESSING THE FREQUENCY OF APPLICATION OF SPECIFIC FEATURES OF APPROACHES TO THE ORGANIZATION OF STRATEGIC PLANNING

Quality assessment	Very rarely or never	Rarely	Moderately	Often	Almost always
Quantitative evaluation	0	1	2	3	4
^a . Compiled by the authors					

TABLE II. A SCALE FOR ASSESSING THE DEGREE OF CONFORMITY OF THE FOUNDATIONS OF THE STRATEGIC PROCESS IMPLEMENTED BY THE COMPANY WITH EACH OF THE STRATEGY DEFINITIONS INCLUDED IN THE QUESTIONNAIRE

Quality assessment	Does not match	To a minimum degree	Free degree	To a significant degree	Completely
Quantitative evaluation	0	1	2	3	4
^a . Compiled by the authors					

All experts and respondents were invited to participate in surveys based on personal contacts of the authors. Questionnaire results were processed using spreadsheet tools. For processing, we used the methodology for calculating relative weighting coefficients and ranking their values in descending order of the frequency of using individual forms of implementation of the stages of developing a business strategy, the frequency of applying specific characteristics of approaches to organizing strategic planning, and the degree to which the fundamentals of the strategic process implemented in the company are consistent with each of the form definition of strategy.

III. RESEARCH RESULTS

The experts who took part in EI identified four main components by which one can evaluate the role of each of the above approaches to organizing strategic planning in the implementation of the business strategy development process. The main specific characteristics of the main approaches to organizing strategic planning obtained in the process of analyzing the results of EI are presented in table III. The bottom line of table III gives an assessment of the levels of rationality and effectiveness of a business strategy developed using each of the approaches to organizing strategic planning.

The ranks of the frequency of use in the studied companies of the components of various approaches to organizing strategic planning, obtained as a result of processing the data of the questionnaire survey, are shown in Table IV. All elements of the components of the considered approaches in Table IV are designated K_{ij} , where i is the number of the approach component, varies from 1 to 4, j corresponds to the approach number (varies from 1 to 4): 1 - "Corporate Planning" approach, 2 - "Iterative planning", 3 - "Intuitive planning", 4 - "Chaotic planning". The bottom four lines (K_4) show the qualitative assessments of the component "Rationality / Potential Efficiency of the Developed Business Strategy" component of the approaches under consideration that are characteristic of each of the approaches considered.

TABLE III. THE MAIN CHARACTERISTICS OF THE COMPONENTS OF VARIOUS APPROACHES TO THE ORGANIZATION OF STRATEGIC PLANNING

Components	The approaches to the organization of strategic planning			
	Corporate planning	Iterative planning	Intuitive planning	Chaotic planning
1. Stages of the strategic planning process	Clearly marked and strictly enforced	The main stages of interaction between the management of the company and its divisions are described and implemented.	The general course of the process is described, which is implemented gradually, in "small steps."	The structure of the process is not described, the strategic choice is based on solving problems
2. The role management of the company	Full control over the development of the process structure and its implementation	Formulation of basic principles, the formation of an analytical base	Formulation of global goals, adaptation to the real course of the planning process	Formulation of goals of activity, search for solutions to emerging problems
3. The level of structuring of the information collected	Detailed description of information to be used	Using a structured analytic base	The advantage of using intuition and developer experience	Primary of using intuition and experience when solving problems
4. The level of rationality / potential effectiveness of the developed business strategy	High	High enough	Unstable	Low

a. Compiled by the authors

TABLE IV. FREQUENCY OF USE IN THE STUDIED COMPANIES OF ELEMENTS OF APPROACHES TO THE ORGANIZATION OF STRATEGIC PLANNING

Components	Elements of approaches to the organization of strategic planning	Rank
K1. Stages of the strategic planning process	K1.1 Corporate planning	4
	K1.2 Iterative planning	3
	K1.3 Intuitive planning	1
	K1.4 Chaotic planning	2
K2. The role management of the company	K2.1 Corporate planning	4
	K2.2 Iterative planning	2
	K2.3 Intuitive planning	1
	K2.4 Chaotic planning	3
K3. The level of structuring of the information collected	K3.1 Corporate planning	4
	K3.2 Iterative planning	3
	K3.3 Intuitive planning	2
	K3.4 Chaotic planning	1
4. The level of rationality / potential effectiveness of the developed business strategy	K 4.1 High	4
	K 4.2 High enough	3
	K 4.3 Unstable	2
	K 4.4 Low	1

a. Compiled by the authors

A diagram reflecting a graphical interpretation of the results obtained during the AO study of the dominant approaches to strategic planning in companies is presented in "Fig. 1".

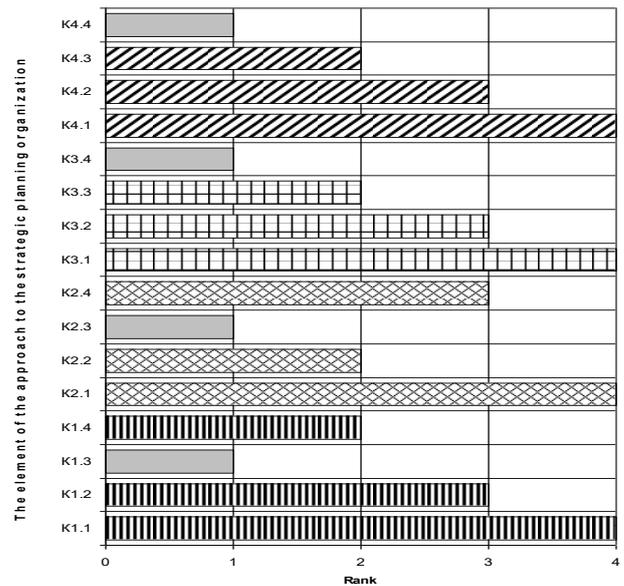


Fig. 1. Ranks of elements of approaches to the organization of strategic planning used by managers of the studied companies. (Compiled by the authors)

An analysis of the graphical interpretation of the results obtained (the components of the most commonly used approaches are highlighted in gray on the diagram) demonstrate that the companies studied:

- 1) implementation of the components "K1. Stages of the strategic planning process" and "K2. The role of company management" is carried out using the "Intuitive planning" approach, which describes only the general course of the strategic process, which is implemented gradually, in "small steps", as well as formulates global goals and procedures for adapting to the actual course of the planning process;
- 2) implementation of the component "K3. The level of structuring of the collected information" is carried out using the "Chaotic Planning" approach, which is characterized by the predominant use of information obtained on the basis of intuition and past experience in solving emerging problems;
- 3) the levels of rationality / potential effectiveness of the developed business strategy (component "K4. The level of rationality / potential effectiveness of the developed business strategy") have the lowest rating.

Thus, when organizing strategic planning in the studied companies, many managers organize the process of developing a business strategy at low and low technological levels, using intuitive and chaotic approaches to organizing strategic planning. The most vulnerable component from the point of view of organizing the development process is the component "Level of structuring of the collected information".

Of significant interest are the results of questionnaires that characterize the interpretation of the correspondence between the foundations of the strategic process implemented by the company and each of the definitions of

the strategy included in the questionnaire and are presented in Table 5 and “Fig. 2”.

TABLE V. THE DEGREE OF COMPLIANCE OF THE STRATEGIC PROCESS IMPLEMENTED BY THE COMPANY WITH EACH OF THE DEFINITIONS OF THE STRATEGY INCLUDED IN THE QUESTIONNAIRE

Definitions of Strategy	Average compliance rate	Compliance level rank
Detailed action plan	3,44	1
Behavior's principle	3,02	3
Position	2,88	5
Perspective	3,42	2
Maneuver oriented o the rival disorientation	3,00	4

^a. Compiled by the authors

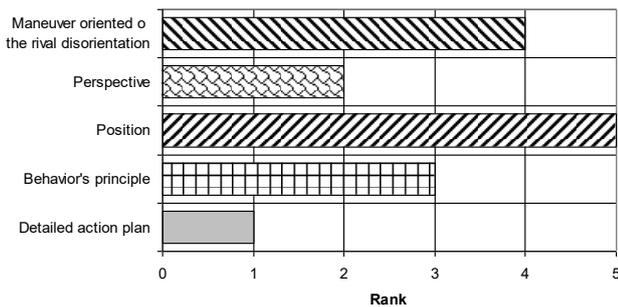


Fig. 2. Ranks of compliance of the basics of the strategic process in the studied companies with the definitions of the strategy. (Compiled by the authors)

As a result of using such an organization to create a business strategy and approaches to strategic planning, the developed business strategy is characterized by low levels of rationality and potential effectiveness; one of the main problem areas is the collection and analysis of information.

IV. CONCLUSION

The results indicate that the responses of the respondents dominate the interpretations of the specifics of the business strategies they develop as a “detailed action plan” and “perspective”. Attempts to compare these answers with the results of the first part of the questionnaires, which demonstrated the predominance of intuitive and chaotic approaches to organizing strategic planning in companies of respondents, lead to two assumptions:

- the management of the companies participating in the study is largely focused on planning current activities, while operational management does not leave time to develop more or less long-term strategies and plans;
- there are significant opportunities for increasing the understanding of the specifics of strategic management by the management of the companies studied.

To correct the situation, it is advisable to take actions aimed at bridging the noticeable “gap” between the theoretical / speculative ideas of managers about the specifics of modern approaches to strategic management and their real activities. The main areas of practical actions in this regard should be attributed to the formation of a chain of procedures that make up the structure of the strategic

process, including standardization of the strategic tools, types and sources of information used at each stage.

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