Chapter 7

Companies’ Strategies: A Theoretic Approach

Ioan Constantin Dima
University Valahia of Târgoviște, Romania

ABSTRACT

This chapter is an approach of the theory of strategies and strategic management, and it deals with issues such as companies’ strategies and policies, companies’ managerial strategies, companies’ strategies systems, strategic alternatives and their classification, evaluation and control of strategies, stakeholders and their role in preparing companies’ strategies, companies’ sustainable development strategies, etc. The complexity of the industrial companies’ activities and the different concepts of managers and management specialists have led to the existence of divergences on the concept of company policies and managerial strategies. All these opinions, however, differentiate the company policies from the company strategies. A special role is to prepare companies’ sustainable development strategies, as the chapter points out that an industrial company can have sustainable development only if it has its own strategy regarding its development.

COMPANIES’ STRATEGIES AND POLICIES

Over time, the term strategy has been assigned with different meanings depending on the field where it has been used. The etymology of the word “strategy” (originated from the Greek word “strategos” - military leader in the state-towns of Ancient Greece) highlights the military origin of this concept. The development of science has however allowed the change of the original meaning of this word, taking into account the new perceptions related to the concept of strategy. Thus, in the mathematical theory of games, strategy means a comprehensive plan, which specifies the options of players in any possible situation, and according to the Dictionary of Neologisms, strategy represents the “art of skilfully using all available means to ensure the success in a battle”.

The first stand-alone approach of the strategy concept in the context of the company management belongs to Alfred Chandler who defined it as the “determination of an organisation’s long-term goals and objectives, adoption of the action courses and allocation of the resources needed to meet the objectives”. This approach was accused of not distinguishing between the content of the strategy concept and process to develop it, an inconvenient however exceeded subsequently by the opinion of certain specialists who addressed
the strategy as being the “science and art to trigger all resources of the enterprise to successfully achieve the objectives set”. The concept of the American authors Hoffer and Schendel is also circumscribed in the same framework and although they addressed the company strategy in a similar manner, they have additionally integrated in its definition the dimension of the company-environment relation. By strategy, the two designated a “way of substantiating the current and expected deployment of the resources and of interacting with the environment, indicating how the organisation shall reach its objectives”.

The critiques of the previously presented approaches have however also considered that such definitions of the strategy are likely to create a truncated image of this, because they exclude the decisional processes of establishing and setting the objectives, reducing the strategy only to decisions to allocate, distribute and implement the means of resources of the company.

Other studies define the strategy emphasising its formal feature. Thus, “the strategy is a model or a plan integrating in a coherent whole the major goals of the organisation, the policies and stages of the action”. Therefore, the strategy is dealt with as a materialisation of the management prediction function, stating that its purpose is “to develop some comprehensive essential programs regarding the future, continuing with a more detailed and specific planning”.

Relatively recently, a number of renowned specialists, including Michael Porter, have differently addressed the issue of strategy, introducing the term of generic strategy that consists in “specifying the fundamental approach to achieve the competitive advantage pursued by the company, which provides the context of the actions to be undertaken in each functional field”. The originality of this approach lies both in specifying the functional strategies as integral parts of the generic strategy, as well as in introducing a new concept - the competitive advantage - defined as an invisible component of the strategy which the activities to achieve the strategic plans are subordinated to.

Unanimously, specialists consider that the most comprehensive definition of strategy belongs to the American author Mintzberg, who analyses its various compatible facets, attributing not less than five meanings to the strategy term: the strategy is a plan by means of which a course of action is established in order to solve a problem; a manoeuvre meant to ensure the overcoming a counter-competitor and to obtain an advantage on it; a behaviour pattern that establishes a series of actions adapted to a particular context; a position of the company, respectively a way to locate the coordinates of the environment; a perspective that reflects the vision of the company’s members on its future activity.

In our country, the concept of strategy has been dealt with fairly recently in the management literature, being defined in their own vision by the specialists in the field. The most common and widely accepted strategy belongs to Professor O. Nicolescu, who designates it as being “a set of long-term major objectives of the organisation, the main ways of achievement along with the resources provided resources, in order to achieve the competitive advantage set forth according to the organisation’s mission”.

Regardless of the meanings in literature assigned to the concept of strategy, a number of common elements can be drawn, which are encountered in most definitions, as follows: presetting some fundamental objectives that set out the future development of the company; the prospective attitude used in approaching its activities that results from the long term related to the objectives; indicating the strategic options (respectively the ways, courses or methods of action) and allocating the resources to achieve the objectives.

The analysis of the concepts concerning the definition of the strategy allows the separation of its main components.