

# PLEADING IN FAVOUR OF STRATEGIC MANAGEMENT

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*Strategic management focuses on future development of organizations, based on a vision and a strategy. If strategic leaders demonstrate epistemic competencies, business can take place not according to the zero sum game rule, where there are always winners and losers, but to a non-zero sum game rule, where there could be only winners and no losers. Epistemic competence is given by the scientific nature of knowledge, it breaks down the mental automatism generated by common day to day personal experience and it uses mathematical models and other specific methods. Strategic management and its practical content can best be understood within the context of the theory of organization, for organizations are indispensable for the general human and civilizational progress.*

**Key words:** *strategic management; strategic vision; strategy; strategic leadership; epistemology; epistemic competencies; scientific knowledge.*

General management is both an operational theory and a science which appeared as a necessity in a growingly complex economic activity generated by the nineteenth century industrial revolution.

A century after its first appearance, within the general practice of management, a new component was developed in the mid of last century. That focused on leadership, but interestingly enough, not the existing one, but the future, prospective leadership that was required for complex organizations. This new management branch was called strategic management.

Strategic management is the most complex component of general management, as it is not based on a concrete reality alone, but on a vision, a strategy which is applied to daily reality, and which deals with the foreseeable, forecasted future.

Strategic management is a different type of management from the classic one, in that it is built on a strategy and not only looks for drafting a strategy (the process that is normally covered by the classic management).

Strategic management is a concept with manifold connotations, both economic and socio-political, whose thorough understanding requires emphasizing its specific features that distinguishes it from other types of management.

Although it emerged as a necessity generated by the complexity and particularly by the turbulence of economic activity, that was marked by recurrent crises, contractions and even recessions, strategic management is not only specific to economy. On the contrary, it is the most significant, consistent and difficult, but also the most creative, when applied to politics, which then

translates into public policy development and implementation, which the responsibility of public management.

Currently though, an extremely interesting phenomenon takes place: after strategic management has been elevated to the level of science and highlighted, for over six decades, as essential to sustainable development, especially in the economic field, it began to be criticized even by some of the very same authors who had supported it and transformed it into a panacea for economic development. Obviously, strategic management, based on the strategy, which is at its turn based on forecasted results, does not always produce the expected effects 100%.

This is true both for economic management as well as public management. And it is not a recent discovery: strategies (that have been invented not by the science of management, but by the military art a number of millennia back), have not always resulted in winning wars, which usually involves opposing parties confronting under a zero-sum game rule, which requires a winner and a loser.

The question that we ask is whether strategic management (both in the economic and the public arenas) can be improved so that business takes place not according to the zero sum game rule, where there are always winners and losers, but to a non-zero sum game rule, where there could be only winners and no losers.

We believe that this is entirely possible, if the managers (meaning by this the generic category of strategic leaders) demonstrate epistemic competencies. From this particular

perspective, it becomes evident that strategic management constitutes a valued utility and contribution to the epistemic competency of those who apply it, i.e. managers/leaders.

Epistemic competence is given by the scientific nature of knowledge, as epistemology is the study of the scientific type of knowledge. Scientific knowledge is different from common human knowledge that is based on common sense. It breaks down the mental automatisms generated by common day to day personal experience and it uses mathematical models and other specific methods, such as modeling, formalizing or axiomatization. What is important to note is that the products of scientific knowledge are always verifiable, though not always verified.

Strategic management and its practical content and application can best be understood within the context of the theory of organization. In a complex society like ours, organizations are a permanent presence and everything that is done at societal level is achieved through the use of organizations. Organizations are indispensable for the general human and civilizational progress. Over time, organizations have become increasingly complex and sophisticated; they shape today's values, roles and social norms and determine human destinies. There are very few things that can be done in contemporary societies without the appeal to the organizational environment, be it public, private or non-profit.

Modern organizations fulfill a wide range of functions.

First of all, organizations are meant to facilitate human activity in general and to contribute to

meeting the needs and aspirations of individuals and communities alike.

Today, we practically live in an organizational society, where almost every aspect of public or private life is organized, and every human action or activity occurs in an organizational setting.

Spiritual organizations are among the oldest types of organizations, which have operated since the dawn of antiquity. All religions and beliefs were and are practiced in an organizational setting, regulating and setting rules for their members, providing solace and comfort and mediation between them and God, regardless of its representation.

All organizations can be considered political institutions, inasmuch as they enable the exercise and management of power, and all human communities exercise power within local, regional and national organizations. Moreover, international politics or international security are managed today, more than ever, in an organizational framework. Whether we refer to the UN as a universal organization with collective security vocations, to the OSCE as a regional security organization or to NATO, as a collective defense organization, peace and war on our globe are resolved by groups/associations of independent and sovereign states.

Organizations are used as tools for maintaining and improving the existing social system in all areas of human activity: political, ideological, economic, cultural, educational, public security enforcement, defense, religious and others. Any social and political system is concerned with its own protection and as such strives to continuously improve, while

prohibiting, restricting and monitoring all potential anti-system activities.

But organizations are also agents of change, although in general, bureaucratic organizations are rather conservative and reluctant to change. The role of organizations in implementing change and even reforms in various areas and in different societies is fundamental, because they have the ability to involve large groups of people, making them indispensable to change and renewals.

Organizations create culture, as well. On one hand, there are organizations which are dedicated to the promotion, changing and shaping of the cultural norms in a society, across all arts: music, theater, painting, sculpture, and cinema. The mainstream cultural values are promoted in society through education, family, media and socialization in general. On the other hand, organizations are systems that create and promote their own culture or bureaucracy that could be different from the mainstream one, and it even contradicts it sometimes, in which cases it can be considered a counter-culture, as it acts against the social culture, which may change gradually.

Organizations, particularly the bureaucratic ones, are the best tools for implementing decisions. While people do not always act rationally, organizations can only act exclusively rationally. By belonging to an organization, people become more predictable, as they act according to their prescribed roles and their specific personalities are less important. As such, organizations ensure stability and predictability in a society.

Organizations have the role of implementing policies and

programs worldwide. In developed and developing countries alike, organizations promote science and advanced technologies, are involved in development projects and other activities that improve the quality of life.

But even as they create jobs and generate growth, organizations can also have a destructive role, especially in increasing pollution, depletion of natural resources, and the production of weapons with great lethality.

Organizations are also perceived as repressive tools, especially those used for civil order and internal security or military/defense purposes, particularly in less democratic societies. But all political systems, democratic ones included, are interested in maintaining social order and stability and therefore support the organizations that fight the challenges to political and social system.

Organizations can also be considered agents of alienation and human estrangement. Given their hierarchical structure, which is majorly power oriented, modern organizations are believed to generate alienation and inequality. Increased bureaucratization can create a feeling of alienation at work and towards the organization in general, with people feeling limited in their development. It is not unusual for complex organizations that the employees do not personally know or even see the high, strategic level managers that take decisions with direct influence on the lower levels in organizations.

At the same time, organizations have a function in handling tensions. Within modern societies, conflict between employees and organizations is an everyday reality. This conflict is primarily generated by the

difference between the individual goals and those of the organization. These differences are major topics of concern to managers. As such, organizations must be able to manage the tension between the management, which aims to increase efficiency and productivity, and employees, who seek personal development and income growth.

Organizations, especially the very large ones, tend to be overbearing on society. Members of organizations, particularly if those are public organizations/institutions, are sometimes forced to give up some of their individual rights and freedoms, such as public appearances or the right of association and political expression. In democratic societies the members of public organizations enjoy, in general, more rights than those of the corporate organizations, where such rights are generally discouraged, with the exception of the right of association. As a rule, individual rights of the people working in these massive organizations are limited and controlled by the rules, values and norms that govern organization life and that define the culture of that organization, becoming mandatory for its members.

Organizations and companies are today administered by a class of professional managers and are led by influential economic and financial elites. The modern state has become increasingly administrative in terms of structure, functions and processes. Despite the apparent and claimed decentralization, the state is highly centralized and concentrated, and the private sector is forced to cooperate and work together with the public one. The modern state, through its

functions, sets out rules for all social fields, while the corporate sector provides services and resources that are useful for the state.

Organizations are also tools of globalization. Globalization is not new, but the current wave of has a much faster rate of technology advancement and capital growth. Globalization is a process of accelerated interconnections and growth of the goods, services and capital markets, which affected organizations, primarily through the concentration of financial, economic and even political power in the hands of transnational corporate elite. Values that govern the globalized world order are shaped by the Western culture, which is also globalized. In this globalized environment, the modern society organizations are instruments of capital accumulation, cultural incorporation, integration of values and even of nations into a single, globalized system. Within this system, corporate organizations become less independent, as they integrate into global corporate networks that are motivated first and foremost by higher profits.

All these are just as many reasons in support of the strategic management, of its growing role, of the importance of continuity and durability that it gives to the corporate environment, of the predictability and high managerial efficiency it promotes and, not least, the entrepreneurship it encourages. The epistemic competence of managers, especially those at the strategic level, is a sine qua non of success. Errors and failures in business management cannot be denied, but they are not the effect of strategic management,

but rather the failure of its rules and principles compliance.

Strategic management is indispensable in a complex world, where sustainable development is increasingly becoming the enhancing factor of every social sector, without losing sight of the fact that the economy is the engine of this development. Strategic management is the one that has to generate the vision, to plan and organize actions and processes that will ensure us and the future generations a better future in a safer world.

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