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Present-day topics

PERSPECTIVES REGARDING STRATEGIC DYNAMICS IN MODERN ORGANIZATIONS

Abstract

In order to achieve the objectives in terms of profitability, for modern organizations, the formulation of a proper economic strategy must take into account mainly the domestic and international conditions on which change periodically leaves its mark. This paper captures the role of strategies in the evolution of modern organizations. To ensure market competitiveness requires that companies identify strategies that can ensure their leading position. In this context it is necessary to take into account changes that may affect the internal and external environment of organizations. At the level of top enterprises and organizations (holding companies, corporations, national or multinational companies) economic strategies are characterized by the fact that the overall objective are set on large time horizons for defining economic sectors and areas where businesses operate in general and the distribution of resources on the various component units. The ultimate goal of organizational change is the success, that is a better fit between the organization and the environment in which evolves.

Key words*: modern organizations, change strategies, knowledge, resources, know-how.*

1. Introduction

In the context of market economy, enterprises operate in conditions of strong competition both on domestic and foreign markets. Therefore, to achieve the objectives they must operate on the basis of their economic strategies, well-grounded, technically and economically.

Currently the strategy is an integrated planning that is appropriate to achieve the objectives. For the basis of a well-formulated strategy are several success criteria such as [9]:

- Clarity of established objectives for ensuring continuity and success within the competition struggle;
- Focusing resources on a certain time period in order to exploit the strengths. The manager who is responsible of transposing strategy into practice has to dispose of special aptitudes which allows him the efficient coordination of existent resources;
- Correct understanding of competition environment;
- Flexibility that implies a rapid response to changes in the competition environment.

Consequently, the elaboration of an economic strategy represents a complex process that requires a very good perception of internal and external factors that influence the company's activities, the analysis of different markets, a good research regarding the evolution of products, technology, of economic, political and social life. The elaboration of strategies implies the development of distinct stages and considers the elements of change that may affect the implementation of the strategies.

Strategic change takes place in the context of competitive external environment, economic and social context and internal resources, capabilities, culture, structure and organization systems. Gaining competitive advantage depends on "the firm's ability to identify and understand the competitive forces that come into play and how they change over time, coupled with the ability power to mobilize and manage resources in order to respond with the competitive reaction chosen".[7]

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Change management involves consideration of problems which introduces a change, that are resistance to change, a low degree of stability, high levels of stress, conflict situations. Therefore, you must first know possible types of change and what causes individuals to resist when confronted with change. Involvement in the change process gives people the opportunity to make known and address concerns and come up with suggestions on the format and how change should be addressed.

2.Strategic system and organizational change

A strategic system consists of a set of skills, know-how, resources and technology viewed as a product of the existing organization, created to realization and support its economic options.[1]

Managerial know-how – includes the knowledge and managerial experience characterized by dynamism, complexity, modernism taken from other cultures and specific conditions adopted by managers who must demonstrate adequate theoretical and methodological skills.[3]

Richard Farmer believes that the import of management knowledge can be more productive than technology knowledge because, on the one hand imported modern technologies can be misused if the management level is low, on the other hand, acquiring the latest knowledge management provides an appropriate framework to develop the staff inventiveness and creativity, to the development of activities related to the proper conduct of scientific research and technological development.[6]

Identification and development of strategies appropriate to business operations on the market requires a professional type of management. In this regard, a special role has the international transfer of managerial knowledge, which shall cover all components of management system which refers to the introduction of modern management methods and techniques used in other countries that are accessible also to Romanian managers; the use of motivational systems effective performance in cultures that have used and are consistent with the traditions of the Romanian people.[2]

Organizational change represents „a transition from the present stage to a future stage towards which the organization aspires„ [4]. The context in which organizational change take place is very important because „in order to formulate the content of a strategy it must be controlled both the context in which it happens as well as the process through which is developed”. [7]

The final scope of organizational change is success, respectively the level to which organizational change completes the following criteria: [9]

- achieves the scope for which it was implemented;
- it is respected the deadline and budget;
- leads to positive economic and operational results within a reasonable time period, results that overcome the costs of implementation;
- it is perceived both by internal and external members.

Organizational change refers to organizational transformation and promotes a generalized strategy for the organization evolution, which can’t be constant but dynamic.

The specialty literature outlines several types of change. One of the most popular classifications of organizational change literature delineates is random or emergent change and planned change.

Planned change is initiated within the organization by its members in order to meet the needs of the external environment that may affect the organization. In the center of this change lies planning of change. Based on this reason the planned change is achieved "through a systematic process of well managed events, monitored through regular supervision."[7]

Random or emergent change is opposite to planned change and activity is initiated as permanent employees respond to problems and opportunities.

3. The necessity of adopting strategies in the economic environment

In order to ensure a high degree of competition on the market, companies orient their efforts towards total costs minimization (these costs include production cost, marketing costs, administrative costs). In this sense a strategy that under certain conditions can be successfully applied to business marketing is the *strategy of market advantage by targeting selling prices* of products at discounted prices. This strategy applies currently on oligopolistic market characterized by the existence of a small number of producers and a large number of buyers. To gain advantages by applying this strategy companies apply specific pricing methods for different products that they launch on the market.

Within a certain activity domain, the company may fight against competition, weather restricting itself to a specific objective of a client or small geographic territory, weather on the whole activity domain, by selling a range of products on a big number of markets. In this sense the elaboration and application of *creation and market domination strategies* have decisively contributed to the growth of big companies at a global level.

Strategy of market creation and dominance aims at both providing market a new product or service and create a new concept for producing and marketing the product so as to satisfy a variety of customer needs and provide a quality/price ratio higher to the offer already on the market. Companies applying this strategy occupy a dominant position on the market which makes it difficult for competitors to penetrate the market and seek to continuously adapt to the environment changes and to the new demands of the market. Worldwide a firm that has successfully applied a strategy of market creation and dominance is Mc Donald's. Mc Donald's enterprise has ensured a rapid expansion creating an original system of production and serving, based on a high level of standardization of products and services and the use of a specialized labor carrying now successfully employed internal marketing and advertising.

Market creation and dominance can also be provided by designing and implementing of *strategies for differentiation*. Through this strategy the companies are proposing to modify certain characteristics of its products in order to differentiate them from those of competitors thus gaining a monopoly on the new product and the loyalty of a distinct clientele. Enterprise applying differentiation strategy pursuing a policy of investment in research and development features to differentiate products in production and promotional activities to increase their market share held for the overall conduct of a profitable activity.

Today many "giant" businesses have earned international dominance and overall development focusing on one area of activity by successfully applying *specialization strategy*. Specialization has as main objective to achieve a maximum level of competence, which provides the firm a decisive competitive advantage. Towards specialization the company may follow sequentially or simultaneously two ways, as follows:

- in a first phase the company can practice *expansion strategy* if increasing activity is satisfactory. We mention here that the company does not have to specialize in an area of activity that has reached maturity, but in presenting important opportunities for development;
- the second method is the default view of the company's products and their markets. As a result, the company aims to develop the full range of products based on key success factors (mode of production, means of distribution, image technology) and thus diversifying types of clients, which leads to expansion.

A fundamental means to ensure and support the firm's competitive advantage is the *innovation*. On the basis of criteria relating to the frequency of innovation and its impact on firm value or profitability of its customers, there are three types of innovation (otherwise highlighted in the chart below), as follows: major innovation, rhythmic innovation and continuous innovation. [5]

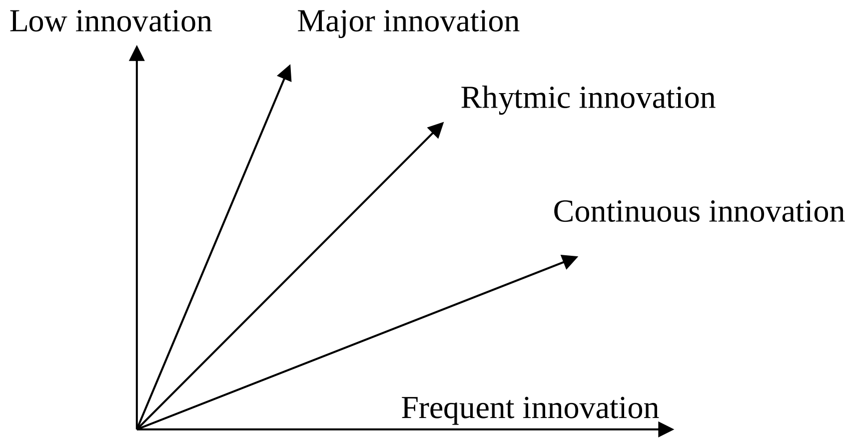

Fig.nr.1.Types of innovation [5]

A study on innovation highlights a number of factors that have contributed to some companies good results: [5]

- establish a direct link between the overall strategy of innovation and strategies implemented at each activit level;
- permanent monitoring consumer needs to quickly identify changes occurring in their behavior with respect to existing products and services;
- hiring the best professionals in the firm in projects related to the development of new products;
- valueing the experience of employees.

In conclusion we can say that the company's market position depends on product life cycle (period of birth, growth, maturity, aging) developing in time a number of recommendations on the optimal strategy that can be implemented. Product life cycle describes the hypothetical completion of a product or service of some stages, beginning with the launch phase of the product on the market and culminating with saturation stage. This series captures the dynamics of production and market developments and can be used for generating strategic alternatives. The life cycle concept is found in an analytical tool called - *S technological curve*. [8] As products and services go through cycles of growth and decline, technologies go through a curve that reflects relationship between hours of work undertaken to develop the product and work performance. Fig. 2. presents a curve of S type:

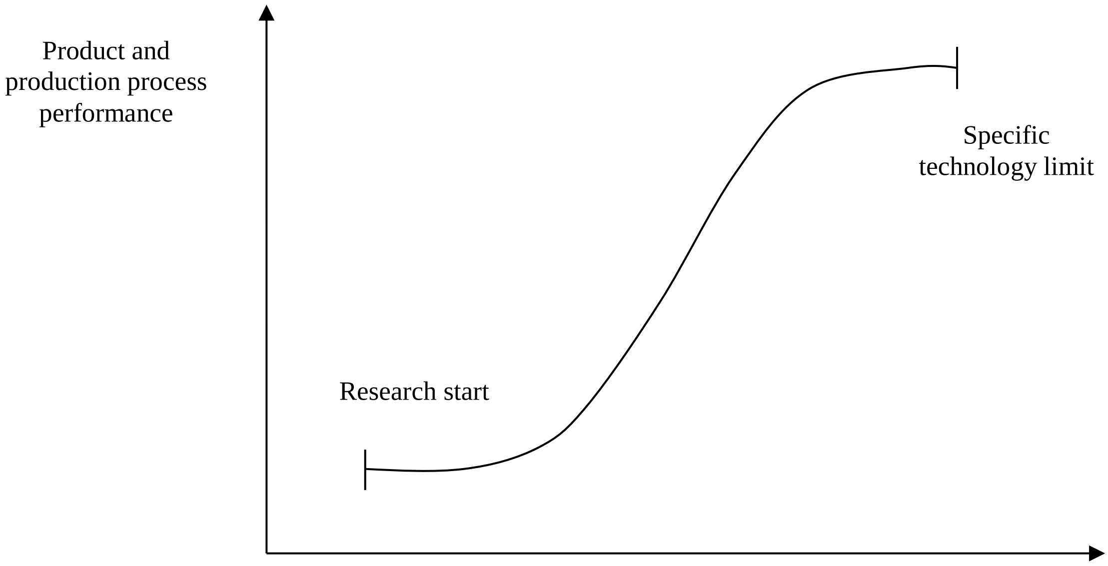

Fig. nr. 2. Technology S curve [8]

We see that as the time invested rises significantly the curve becomes upward. Finally, we reach a point of inflection (bending) is where technology performance limits have been reached, point of transition to the introduction of new technology.

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