

THE APPLICATION OF STRATEGIC MANAGEMENT IN LIBY'S INDUSTRIALS SECTORS FOR A SUCCESSFUL BUSINESS

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ABSTRACT

Bureaucratic delays and red tape are the major stumbling blocks that challenge industrial companies operating in Libya where business practices remain severely underdeveloped. Most of the industries have to operate or make decisions in real-time to stay competitive. Sadly, these challenges still exist in Libya within the Government and public sector where the "sense of urgency" is lacking. The parameters that can encourage workers of the sector in Libya to work with increased efficiency and productivity through employing strategic management will be outlined. The objective of this paper is focuses on the observation of Libyan companies applying strategic management for a successful business. This paper is a literature review of previous studies, most of the information were collected from publish journal, reports, electronic sources. The paper is also inclining to give some suggestion on how a strategic management will be implemented in order to meet of with the current challenges in Libyan industries.

keywords: *Management, Strategic management, business success.*

1. INTRODUCTION

The structures of businesses are evolving dynamically not only in the relationships with and between subsidiaries but also in a shift towards increased market presence. New markets recognize economic benefits, technological progress and growth opportunities that globalization can bring to them, which encourages attractive international investors and business enterprises. Several specific factors drive companies to seek business development and growth through international and global operations, namely markets, cost, competitive factors and the international business environment. Consumer demand has created and continues to fuel prosperous economies that now sustain in many ways, in our daily lives. Products from all over the world are almost immediately available at our door step and at affordable prices. As such business organization must be ready for any drastic changes in the business landscape which call for strategic planning.

Oil wealth creates major opportunities to the Libyan economy in which the country relies heavily, but may deteriorate with a future decline in oil price. As such, the country's economy performed well over the past few decades on oil. Sizeable oil wealth has supported a decent living standard for Libya's 6 million populations, and socio-economic development compares favorably with standards in other Middle Eastern and North African countries. Given its large reserve, Libya has the potential to raise oil production and revenues significantly in coming years. However, the main challenges for Libya is to promote other business area for growth and spur diversification of its economy and commercial transactions are often very slow, even by regional standards, where insufficient operational budget (budget of the foreign currency), and addition to the delay in the opening credits to commercial banks, leading to significant lack of raw materials and production requirements and significant lack of spare parts in many of the production units.

Libya offers a unique place for the study of strategic management because it is still a continuing developing nation. The study focuses on the important of stratege management and strategic process that will be adopted in Libyan business organization for the purpose of successful business.

2. STRATEGIC MANAGEMENT

Strategic management is a plan of action designed to reach and achieve a specific objective. The strategic plan seeks to always win the position of competitive advantage over its competitors in terms of better exploitation of the existing potential and employment optimization. Wheelen and Hunger (2002) say that strategic management is a set of managerial decisions and actions that determines the long-run performance of an organization. It includes environmental scanning (both external and internal) strategy formulation (strategic or long-range planning), strategy implementation and evaluation and control. The study of strategic management emphasizes the monitoring and evaluation of external opportunities and threats in light of an organization's strengths and weaknesses (Kenneth, 1987).

There is always an element of uncertainty about the future, more strategy on a range of options ("strategic options") from a fixed plan, (Chandler, A.D,1962). Strategic management is the process of analyzing the major initiatives taken by general managers on behalf of their owners, which focuses on resources and performance in outdoor environments. (Nag, R.; Hambrick, 2005), came out with the strategic management to determine the organization's mission, vision and objectives, through the development of policies and plans, often in terms of projects and programs, and allocate the necessary resources to implement, policies, plans, projects and programs. And often uses the balanced scorecard to evaluate the overall performance of the business and its progress towards targets. Bill Richardson, (2008), defined "strategic management" as a proactive attempt by management and its subordinates, to totally manage "strategic configuration" . Strategic Analysis leads to a strategic choice and the implementation of the strategy.

According to Mintzberg (2003), strategy is difficult to be determined within the period of one year, goals and objectives should be included. Strategic often refers to the purpose and development as formulated by some scientists and they refer to it as Advanced Strategy. Michael Porter is the most famous writer on the strategic concept; Porter said that strategy is a very meaningful thing, with the main purpose being to create a competitive benefit of the organization.

Management strategy is not always the success of the project; it can also fail, as there are many factors that affect the outcome of the strategic process. (Mintzberg, 2003), stated that for management strategy to be effective, it must meet specific factors to reduce the negative consequences. (Quinn, 2003), concluded that the strategy must have clear objectives and also be flexible and coordinated, the need for management strategy and committed leadership. (Quinn, 2003), stated that strategy in business is need for security (and logistics resources) and also to keep the initiatives during the performance of the tasks of responding to the challenges. Lerato Mosiah, (2008), mentioned that strategic management is an ongoing process involving sequential functions and implementation of strategies aimed at achieving the company's mission and long-term objectives in the near term many different ways are used by strategic planners to achieve this process. Abu Hassan Abu Bakr et.al , (2011), defined Strategic management as the management process that has been used specifically to increase the performance of the organization and management processes that can apply strategic management in practice help organizations to improve their performance by improving efficiency, effectiveness and flexibility

STRATEGIC MANAGEMENT PROCESS

Strategy, separated from strategy making, is academic at paramount. It is impossible to understand the difficulties related with the formulation and application of strategy if one ignores the inseparability that exists between the concept of strategy and the process of making it a reality in a particular organizational setting. In fact, the process school of research, as defined by Bower and Boz (1979), views strategy as the outcome of three different processes contributing to strategy formation:

1. The cognitive processes of individuals on which understandings of the environment of strategy are based;
2. The social and organizational processes by which perceptions are channelled and commitments developed; and
3. The political processes by which the power to influence purpose and resources is shifted."

They go even further when asserting that "the task of the chief executive is viewed as the administration of these processes," which require the development of a broad vision of what to achieve and the management of a network of organizational forces that lead to the discovery, evolution and enrichment of that vision.

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It is also difficult to analyze and evaluate strategy. Management strategy is not always the success of the project. It can also fail, as there are many factors that affect the outcome of the strategic process. (Mintzberg, 2003), stated that for management strategy to be effective, it must meet specific factors to reduce the negative consequences. (Quinn, 2003), concluded that the strategy must have clear objectives and also be flexible and coordinated which indicated the need for management strategy and committed leadership. (Quinn, 2003), also stated that strategy in business is needed for security (and logistics resources) and also to keep the initiatives during the performance of the tasks of responding to the challenges.

Stoney (2001) stated that management strategy has become more sophisticated and has been considered as a strong potential for organizations in recent decades. Stahl (2002), emphasized on the importance of strategic management

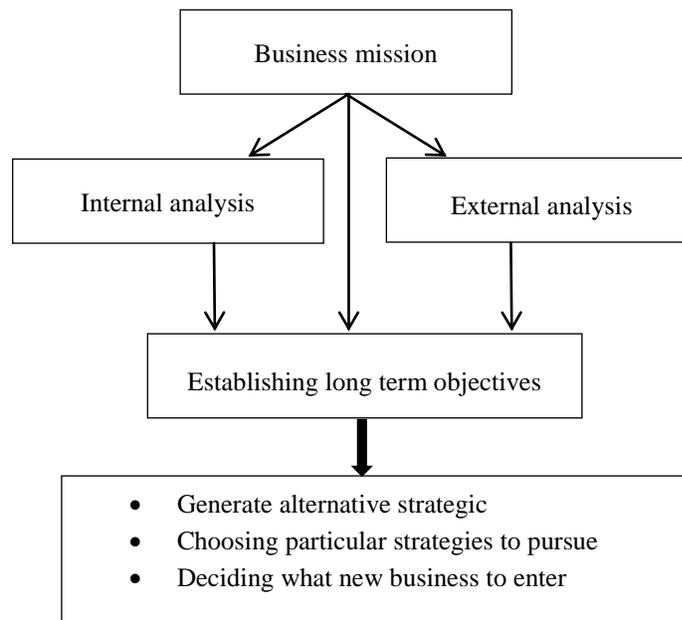
process and the necessity to provide individuals concerned to ensure the success of the company. This study also indicated that the senior management of any modern organization has a great responsibility to ensure the success and overcome the high competition from global markets.

Meanwhile Hunger and Wheelen, (2003), showed that the organization has to be more effective and people at every level within the organization should follow the strategic way of doing daily jobs and duties, and the process should not be limited to senior management. They also showed that the process of strategic management include environment assessments for critical information, recommend changes to enhance strategic programs and to work with others as a team.

STRATEGY FORMATION

Learning school, (Quinn, 1980): “This descriptive school of thought sees strategy formation as an emergent process where everyone in the organization goes through a process of learning, is a strategist”. The lessons learnt are incorporated into the overall plan of action. It is the belief of this school of thought that strategies must emerge in small gradual steps as the organization adapts and learns what works and what doesn't. Its contribution to theory is based on the fact that more people learn not just the leader of the firm, hence reducing the complexity and unpredictability in strategy formation. Strategy formulation and implementation are intertwined as they emerge Strategic position does not directly address the ability of the business unit's managers to change its strategy and environment. A large, longitudinal study by Miller and Friesen, (1984), found that the strategic position, the environment, the organizational structure and the decision processes of the firm evolve together. Though it cannot be known to what extent the firm initiates the changes. Many studies address the connection between strategic position and performance.

Strategy Formulation Model



Adopted from: Nabradi, 2004

STRATEGY IMPLEMENTATION

Strategy implementation is “the process by which strategies and policies are put into action through the development of programs, budgets and procedures” (Wheelan and Hunger pp15). This involves the design or adjustment of the organisation through which the administration of the enterprise occurs. This includes changes to existing roles of people, their reporting relationships, their evaluation and control mechanisms and the actual flow of data and information through the communication channels which support the enterprise (Chandler 1962; Hrebiniak and Joyce 2005). Strategy implementation is the process by which strategies and policies are put in to action through the development of programs. This might involve changes within the overall culture, structure and/ or management system of the entire organization. Strategies are implemented through a set of programs, budgets and procedures.

STRATEGY IMPLEMENTATION AND CONTROL

It remains a circumstance for over two decades since Alexander (1985) lamented the lip service paid to research into strategy implementation, there continues to be an inequity between the apparent importance of formulation and implementation (Al Ghamdi, 1998; Okumus and Roper, 1998; Okumus, 2001). Yet the main weaknesses of strategic management practice are generally linked with the implementation stage— indeed, Mintzberg (1994) declares that more than half of the strategies formulated by organisations are never actually implemented! Despite the clear importance of this management area and the obvious problems related with its execution, it has however, been considerably deserted by academics (see, for example, Alexander, 1985; Edgar and Taylor, 1996; Okumus and Roper, 1998; Aaltonen and Ika°valko, 2002).

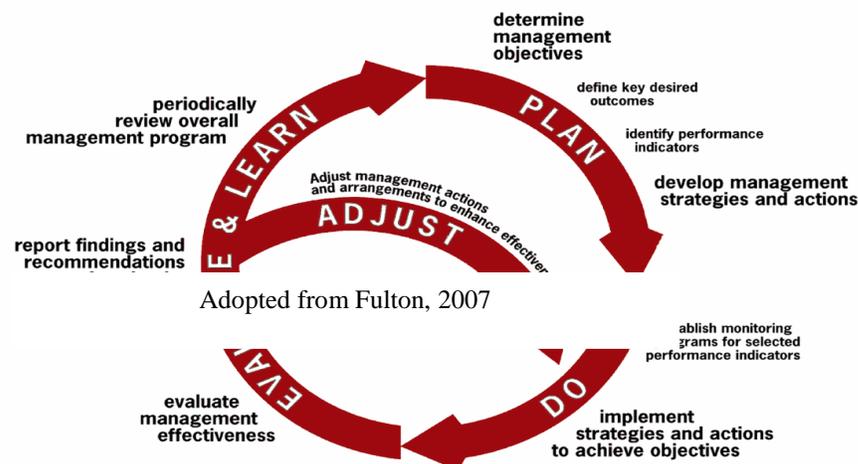
Moreover, the existing literature appears to approach the subject matter from a wide range of different disciplines and cognitive domains. For instance, the diversity of perspectives is recognised by Noble (1999), Okumus and Roper (1998) distinguish five schools of thought, while Neely et al. (1994) identify such disparate standpoints as organisational behaviourists, organisational culturalists and business/corporate strategists. Consequently, although there are some implementation issues and elements about which there is an emerging consensus – such as the importance of communication, problems in identifying relevant performance pointers, the momentous part played by middle-level managers, and the role of strategic control systems (Alexander, 1985; Bungay and Goold, 1991; Bartlett and Goshal, 1996; Aaltonen and Ika°valko, 2002; Marginson, 2002); Reed and Buckley's observations that literature has concentrated on different aspects of strategy implementation and offers “partial problem-solving solutions” as a result, “general rules are elusive” (Reed and Buckley, 1988, p. 68) still seems to be relevant. Thus it is suggested that there is a lack of agreed theoretical frameworks such that the current state-of-play resembles a somewhat incoherent knowledge base, with some consensus (as above) but many important gaps remaining to be filled-in.

MANAGEMENT STRATEGIC EVALUATION

The final stage in strategic management is strategy evaluation and control. All strategies are subject to future modification because internal and external factors are constantly changing. In the strategy evaluation and control process managers determine whether the chosen strategy is achieving the organization's objectives. The fundamental strategy evaluation and control activities are: reviewing internal and external factors that are the bases for current strategies, measuring performance, and taking corrective actions.

MSE is a simulation technique based on modelling each part of the adaptive management cycle (Figure 1). It was developed more than 20 years ago to consider the implications of alternative management strategies for the robust management of natural resources, such as single fish stocks. Two very useful reviews of the subject are Butterworth and Punt (1999) and Sainsbury et al. (2000).

The method has been used by bodies such as the International Whaling Commission (e.g. IWC 1992, Kirkwood 1997) and Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) (de la Mare 1996) and has been adopted as a standard fisheries tool in a number of countries including: South Africa (Punt and Butterworth 1995, Cochrane et al 1998, Butterworth et al 1998), Europe (Horwood 1994, as of Butterworth and Punt 1999), New Zealand (Starr et al. 1997) and Australia (Punt and Smith 1999).



3. CONCLUSION

It is always mandatory on management to drive for improved performance to find ways to improve the existing strategy and how it is being executed. Changing external conditions add further motivation to the need for intermittent revisions in a company's mission, performance objectives, strategy and approaches to strategy execution.

Adjustments usually involve fine turning, but occasions for a major strategic reorientation do arise-sometimes prompted by significant external developments and sometimes by sharply sliding financial performance. Its was concluded that the business organization in a developing countries lacks proper strategic management such as Libya for business organization in Libya to keep going and meet up with the current challenges they should adopted the following steps; identifying the organization's current mission, objectives and strategies, analyzing the environment, identifying opportunities and threats in the environment, analyzing the organization's resources, identifying the organization's strengths and weaknesses, formulating strategies, implementing strategies and evaluating results. And also strategy managers must stay close to the situation to identify when changing conditions necessitate in a strategic response and when they do not. It is their job to read the minds of change, reorganize significant changes early and capitalize on events as they unfold.

Business history shows that high performing enterprises often initiate and lead, not just respond and protect. They introduce strategic aggressive to protected sustainable competitive advantage and then use their market advantage to achieve greater financial performance. Hostile pursuit of a creative, opportunistic strategy can push a firm into a leadership position, paving the way for its goods and services to become the industry standard. In a dynamic and uncertain environment, strategic management is important because it can provide managers with a systematic and comprehensive means for examining the environment evaluating their organization's fortes and weakness and identifying chances for which they could develop and exploit a competitive advantage.

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