Modern tendencies of strategic management of resource potential of corporate sector of industry

1Viktor Illich Yermolaev, 2 Viacheslav Grigorievich Gorshkov, 3 Tamara Grigorievna Stroiteleva

1 Ph. D. in Economics ANEO HE Altaic Academy of Economics and Law, chief engineer of OJSC HC «Barnaul machine tool plant».
3 Doctor of Sciences, Economy, professor, ANEO HE Altaic Academy of Economics and Law (Barnaul)

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ABSTRACT

The article views problems of strategic management of resource potential of corporate sector of the industry, including entering by business structures to global markets, as well as overcoming by them of crisis situations.

INTRODUCTION

For the effective functioning of complex systems, the aims of which are rather multifaceted, at the opinion of researches, it is necessary to develop the general direction of way to achieve the aim, i.e. the strategy of achieving the aim. The word «strategy» is very old and comes from the Greek “strategia” – the art or science of being the military commander. Strategic management is management activity on setting and realization of long-term aims, maintenance of effective relations of business structures with their environment with corresponding of the set aims and the internal possibilities. The initial theories, constituting the foundation of the theory of strategic management of business structures are the works of Harvard school scientists, mainly, A. Chandler and K. Andrews, published at the beginning of 1960-ies. A. Chandler was the first to research the issues of organizational correspondence of business with the tasks of their strategic development, concept and tools for such correspondence are worked out. Therewith if A. Chandler (1962) interpreted the strategy of management as the integration of organizational functions, then K. Andrews (1971) provided it as the correspondence of the organization with its external environment. K. Andrews added the Chandler’s interpretation of strategy, having supplemented it with the notion «distinctive competence». A logic of K. Andrews has become the basis for development of SWOT method (strengths, weaknesses, opportunities, threats). A. Chandler has united the relations between strategy and organizational structure. In accordance with the theory of A. Chandler, decision of choice of strategy shall precede creation of adequate structure. Ideas of A. Chandler have made significant influence on management science and economic theory on the whole. The second scientific school of strategic management is the concept developed in the middle of 1960-ies by I. Ansoff for strategic planning, largely focused on the practice, but more formal and analytical than the approach of the Harvard scientists.

Methodology:

Strategic planning model by I. Ansoff (1965) was in sequential strategic decision-making. While I. Ansoff came out of understanding of strategy as the planning process and sought to create an analytical model of preparation of strategic decisions applicable to any business structure.

The founder of the third scientific school of strategic management has become H. Mintzberg, who in the middle 1990-ies, proposed the concept of strategic management, recognizing as invalid the fact that the success of the strategy is always the result of rational formalized planning. H. Mintzberg (1991) proposed a concept based on the fact that the process of strategy formulation is, unlike planning, a creative synthesis, rather than...
formal analysis. He proved that strategic planning is rather a tool, but not the concept of strategy, therewith he found out three fundamental misconceptions of strategic planning:

- definite nature of the future;
- definite nature of planning in direct dependence on the worked strategy;
- possibility of comprehensive formalization.


K. Prahalad and G. Hamel (1990) explained the advantages of the concept of business structures as a system of organizational competencies, and not as a system of business units. J. Barney (Barney, J.B., 1991) proposed a resource approach to consider a new direction in the theory of strategic management. J. Teece, G. Pisano, A. Shuen (1997) proposed the concept of dynamic capabilities in turbulence strategic management. Now the resource theory is widely used in the practice of strategic management. However, as it is noted by many researchers, the resource theory is far from being over. In particular, G. Kleyner (2011) notes that under the concept of resource such problems as choice of a variety of strategic resources and their corresponding strategic abilities depending on the strategic goals of the business structures of their activity are still not completely solved; determination of the optimal interaction of economic objects (subsystems) in difficult economic structures and relationships between them in order the sustainable development demonstrated not only the individual local subsystems, but also the economic structure as a whole.

Main part:

Not sufficiently developed within the resource concepts are, in our view, the theoretical and methodological approaches to the operationalization of resource theory, which prevents from its wider practical use of the organization of strategic management and resource potential of the corporate sector of industry.

The problems of the practical application of resource theory to solve the problems of strategic management shall include the following:

- the principle of practical value to the strategic management of the issue of acquiring and retaining valuable and unique professional workforce is insufficiently developed;
- resource theory pays insufficient attention to the search for the optimal combination between the management structure and the availability of labor with their competences;
- the difficulty of creating a general typology of resources at their value and uniqueness due to the dynamic changes in the external environment affecting the uniqueness and value of the resources;
- the resource theory pays insufficient attention to the achievement of sustainable competitive advantages in conditions of uncertainty and unpredictability of modern dynamic external environment in the form of new technologies, needs and markets;
- the issue of generating of business structures with their dynamic capabilities, corresponding with the structure of organization is insufficiently worked out;
- the resource theory as separate spheres of forming sustainable competitive advantages considering the production capacity, assets, skills, competencies, therewith we believe that not enough attention is paid to the fact that the source of sustainable competitive advantages in the present environment is not a separate resource, but a set of resources and competences that at the optimum configuration lead to synergetic effect;
- the resource theory proposes to define the value of each resource, based on the fact how important this resource is for the consumer and how much he is willing to pay for it. Such an explanation of sources of competitive advantages is unable to accurately assess the value of the resources. Solving these problems with practical application of resource theory permits better understanding of what labor force must be used in business structures, realizing their competitive advantages and the relationship with the external environment. To justify the methodological approaches to the organization of strategic management of export-oriented business structures, a group of scientists, led by V. I. Yermolaev (2013) proposed to expose the resource theory to operationalization, i.e. the transformation of the theoretical concepts into the development sequence for transactions using and improving business systems. For the operationalization the following has been allocated as a key provision of the resource theory (B. Wernerfelt work): «The key to long term success in business is the implementation of the strategy, containing creation of the own resources and competences which are difficult to be simulated by other companies». Operationalization of the stated provision revealed the relationship of strategic goals of business structures with the structure of resource management, sustainable competitive advantages and core competencies in the process of coupling of the external environment with the internal environment. Application of the resource theory in this aspect in the conditions of uncertainty of the economic environment helps to significantly transform its main provisions and clarify the criteria for assessing the implementation of management strategies and resource potential of the corporate sector of industry.

This way, on the basis of the key provisions of the resource theory and practice of performing the strategy of entering the global market of Russian business structures there are the following strategic management approaches of the organization established:
- modernization of existing resources to make them unique;
- additional attracting distinctive resources for this region;
- optimal combination of available resources;
- ensuring the competitiveness of the products due to its modernization and prime cost reduction;
- application of original management processes and technologies;
- optimal situational positioning of tasks of strategic management in the development of export potential;
- acquisition of control over the structures located between the business entities and consumers.

Based on the key provisions of the resource theory, the group (Yermolaev, V.I., 2013) drew an analogy between the process of adaptation of the theoretical concepts for the formation of strategies and intellectual game to win, thus identified the relationship of the structure of management over business structure with the available resources, as well as unique resources and sustainable competitive advantages with key competencies in the process of coupling the external environment with the internal environment. The scheme of the relationship of the management structure of the business structure with the resources, unique resources and sustainable competitive advantages and core competencies in the process of coupling the external environment with the internal environment is shown in Figure 1.

Short description of the elements:
1. Strategic headquarters business structure leaders.
2. A group of representatives of the external environment.
3. External environment.
5. Resources.
6. Valuable and unique resources.
7. Competences.
8. Goods. Sustainable competitive advantages are concentrated directly in the goods.
10. Financial flows.
11. Information flows.

Fig. 1: The scheme of the relationship of the management structure of the business structure with the resources, unique resources and sustainable competitive advantages and core competencies in the process of coupling the external environment with the internal environment
Constructive type:

The abovementioned principles of arrangement of strategic management permit looking at the principles of anti-crisis management from a different point of view. Having founded the scheme of relations we state the basic types of crisis, which any business structure faces in the course of realization of management strategy.

- structural crisis;
- crisis of competences;
- crisis of resources (including labor);
- crisis of innovations;
- crisis of coupling with external environment.

Let us give the characteristics to the basic crises detected.

Structural crisis is the non-correspondence between the obsolete mechanisms of the existing economic policy of the business structure changed as a result of the new conditions of its economic activity. Structural crisis is a consequence of a breach of the law of its proportional development and is accompanied with a decline in production, violation of the marketing of products and financial flows, reduction in employment of employees and a whole range of negative processes. Such processes may include depreciation of qualification of employees, violation of correspondence between the basic elements of the productive forces (means and objects of labor, means of production and employees), as well as between the components of the technological mode of production. The structural crisis was faced by the majority of industrial enterprises in Russia in the middle of 90-ies of the XX century.

Structural crises themselves are not of cyclical nature; they provide temporary overcoming of contradictions accumulated over a long period of time. Structural crisis is overcome, when the old structure gives the way to new forms of organization and management. The ways of overcoming structural crises are the following:

- structural adjustment. The feature of structural adjustment is the need to combine economic structure adaptation to the demands of the market and make it of the social orientation. Both of these processes must coincide in time;
- Diversification of production. Decentralization of management and transfer of functions of production and sales to the level of strategic business units of diversified business structure during subsequent linking the structure at the corporate level, which helps to overcome the crisis, with the diversification of enterprises should be carried out in the area of goods, markets and end consumers, while the corporation must maintain a high degree of its concentration in its basic area of intellectual knowledge. The key strategic issue facing diversified corporation is the issue of whether the corporation may increase the competitive advantages of each individual subdivision;
- Resolving of a wide range of optimization problems related to changes in the basic characteristics of the economic structure, i.e. bringing administrative, technological, marketing upgrades to bring them in compliance with the existing requirements of the external environment;
- Innovative nature of structural shifts. In developing a strategy of restructuring the economics of a business structure should be guided by the principle provisions.

The core competencies are the source of competitive advantage and long-term success factor. Key competence is a set of interrelated skills and technologies giving the opportunity to business entities of the corporate sector of industry:
- to create consumer valuates;
- to provide opportunities of its long-term development.

The most valuable competencies are those that provide a transition to a wide variety of markets for future product. Competition for supremacy in the competencies usually precedes competition for leadership in the production of the product. Crisis of competencies of business structures is a consequence of the lack of knowledge among managers and professionals. Often the causes for this lack are restrictions on the distribution of powers and expertise inside the business structure. Let us give the ways to overcome the crisis of competencies:

- identifying existing core competencies;
- establishment of a program of acquisition of key competencies;
- establishing the key competencies themselves;
- deployment of key competencies;
- protection and preservation of leadership in the key competencies.

Overcoming the crisis of competencies is directly related to acquisition of new knowledge and skills, namely:

- staff training and development;
- creating targeted project teams to solve strategic problems;
- recruitment of valuable specialists and managers;
• use of external experience;
• cross-distribution of employees;
• using feedback from buyers and suppliers;
• licensing;
• purchase of another business structure (fully or partially);
• strategic unions.

A distinctive feature of overcoming the crisis of competence from the structural crisis is that the creation of core competencies is based on deep intuitive understanding of the technological and demographic trends, standards and quality of living that can be used to modify existing rules and create new competitive space. Foresight, breadth, uniqueness, boldness of opinions and the ability to act – these are the criteria by which we judge about whether there is the needed strategy with the business structure to carry out its mission. Foresight allows answering the three questions:

1. Which new benefit there shall be to provide to consumers in a few years?
2. What new competencies there shall be created or acquired to successfully offer the benefits above?
3. Which new forms of interaction with consumers will arise in the coming years?

Crisis of resources is the crisis in terms of resource use. Resource crisis is a situation in which a business structure has to act in the absence of the necessary resources or their restrictions.

Resources are the accumulation of production elements, which may be used to create valuables. The diversity of economic resources is presented by the following types:

- natural;
- labor;
- material;
- financial;
- informational.

Results:

The modern resource theory considers a business structure, primarily as a network of resources that provides internal sustainable competitive advantages.

Ways out of the crisis of resources are associated with the search for answers to such difficult questions as:

– Where the valuable resources are to be taken;
– How the resources available in the business structure shall be made valuable and irreplaceable;
– How to correctly prioritize between valuable resources and competencies on the one hand and construction of the organizational structure on the other hand;
– How to achieve sustainable competitive advantages at the cost of resources if in the current business environment the sustainable benefits can only be in the short term perspective;
– How to determine the adequacy of rare, irreplaceable resources to build the sustainable competitive advantages of the corporate structure;
– How to organize sustainable competitive advantages;
– How to determine the value of labor resources;
– How to determine the effect of labor resources on the strategic processes in the corporate sector of industry;
– How to account for the boundaries of all resources activity.

Ascertaining of the major provisions, methods and criteria for evaluation of the resource theory and its practical application in the strategic management can greatly help business structures to overcome the crisis of resources due to:

– modernization of existing resources to make them unique;
– additional attraction of unique resources;
– optimal combination of available resources.

Crisis of innovations. The notion «innovations» as of the economic category was introduced by the Austrian economist I.Shumpeter. (Wernerfelt, B., 2006) He first considered the new combinations of production factors and stressed on the following innovations:

- the use of new technology, technological processes or new market procurement of production;
- introduction of products with new properties;
- the use of new raw materials;
- changes in the organization of production and its technical procurement.

All variety of innovations can be classified according to the degree of novelty or on the project application.

In the modern economy the role of innovation increases significantly. They are increasingly becoming a major factor in economic growth. If in conditions of increasing competitive environment, distinguished by the dynamic development of modern technology and the needs of the markets, the products no longer meet the
demands of consumers for one or a number of parameters, the crisis of innovations comes. Such parameters include:
- saturation of nomenclature;
- technical characteristics of products;
- operational characteristics;
- quality of products;
- price;
- availability and quality of technical servicing;
- etc.

Special importance for the production has the innovation with powerful transformative functions. These innovations are radically changing production mechanism having high degree of moral and physical deterioration and, consequently, the efficiency of production. Such innovations should include primarily the new equipment and technology.

Changing production, transferring it to a new scientific and technological level, you can create the main prerequisites for the transfer of production to a qualitatively new state:
- creation in the corporate sector (business structure) of a creative team consisting of specialists and executives in the form of scientific and technical council;
- using by this group of diverse sources of information related to innovation in the present and in the related industries;
- using of a variety of current practices to encourage creative activity of employees;
- encouraging the adoption of decisions on the selection and implementation of innovations on a collective basis;
- development of innovation management strategies necessary to create the conditions to generate new ideas.

Crisis of coupling with the external environment is the accumulation of external conditions and factors operating in a corporate environment and affecting different areas of activity. The state of the environment is crucial for business structures, as the external environment exists independently.

Coupling between the business structure and the external environment is preserved and developed by keeping the order in relation to products, liability, exchange of information.

Ways out of the crisis of coupling with the external environment are associated with strengthening of links of the external environment with the internal environment of the corporate sector of industry.

Conclusions:
This way, the use of the theoretical foundations of improving procedures for strategic decision-making, management processes and technologies aimed at the formation and implementation of management strategies of resource potential of the corporate sector of industry allows business structures increasing their competitive advantages and effectively integrating into the world economy. Therewith the key positions of the resource theory allow developing theoretical and methodological approaches to anti-crisis management.

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