

Theoretical Thinking on the Organization of “Strategic Defects”

Wang Peng*

School of Economics and Management, Dalian University, No.10, Xuefu Avenue, Economic & Technical Development Zone, Dalian, Liaoning, The People's Republic of China (PRC)

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Abstract: The strategic flaw of the organization is an objective structural or functional endogenous embarrassment, which leads to the mismatch or loss of resource elements and capabilities within the organization, which will have a negative impact on organizational goals, functions, culture and organizational life cycle. The strategic flaws of the organization will inevitably lead to destructive stress effects and black hole effects. The formation and development of organizational strategic defects generally go through three stages: formation stage, diffusion stage and maturity stage.

1. Introduction

In 1976, Ansoff H. I published the book *Strategic Planning to Strategic Management*, which was the first to propose the term “strategic management”. In 1979, Ansoff published the “Strategic Management Theory”. He believes that strategic management refers to a series of business and management activities that combine the daily business of a company with long-term decision-making. American scholar Steiner G. A published the book “Enterprise Policy and Strategy” in 1982. He believes that: Strategic management is an activity in which an enterprise determines its corporate goals based on internal and external environments and conditions, and ensures the implementation of objectives and the realization of corporate missions process[1].

In addition, there are some entrepreneurs and management scholars who put forward their own opinions on strategic management, but most of them believe that strategic management is a series of major decisions or actions for enterprises to achieve their goals. Based on the above viewpoints, strategic management is completely different from the previous general functional management. It is a comprehensive application plan, organization, leadership and control means to analyze the internal and external environment and conditions of the enterprise, make scientific decisions on the objectives of the enterprise, and evaluate and select strategic plans. And a complex process of activities that appropriately controls strategic performance in implementation[2].

In general, strategic management should include three key phases: strategic analysis-examining the external environment and internal conditions of the organization, strategic choices-assessing, selecting strategic options, and implementing the strategy-and taking action to implement the strategy.

Strategic analysis can be divided into external environmental analysis and internal environmental analysis. External environmental analysis generally requires enterprises to develop from the macro

environment, industrial environment, competitive environment and market demand environment, and systematically examine the external influence factors of enterprises from the macro, meso and micro levels. Common methods for external environmental analysis include PEST analysis, industry key success factor analysis, competitor analysis and strategic group analysis. Common methods for internal environmental analysis include enterprise resource analysis, core capability analysis, and business portfolio analysis. In addition, SWOT analysis is a An analytical method that combines the external environment and internal conditions of an organization.

Strategic choices require companies to determine their strategic plans from different levels of management. Strategic choices generally need to be carried out at the management level of the company level, business unit and functional level. The company-level strategic plan includes development strategy, stability strategy and contraction strategy; business units need to determine the strategies for enterprises to participate in competition, including basic competition strategy, blue ocean strategy, etc.; functional layer strategy covers a wide range, including marketing, production operations, research and development , human resources and financial strategies.

The implementation of the strategy aims to transform the strategic plan into action, requiring the company to consider factors such as organizational structure, organizational culture, performance evaluation and control, and stakeholder game. Generally speaking, most scholars and entrepreneurs believe that organizational strategy determines the organizational structure, and the structure needs to obey the strategy; relatively speaking, the relationship between other factors and strategy is more complicated.

2. Organizational Strategy is a Widespread Objective Phenomenon

In September 2008, Lehman Brothers, the fourth largest investment bank in the United States, declared bankruptcy due to a serious financial crisis. Lehman Brothers has a 150-year history, its market competitiveness is not strong, and the management level is not high. In terms of competitiveness theory, it is incomprehensible for Lehman Brothers to be bankrupt with a company with numerous beautiful auras and legends. Relevant scholars carried out a detailed analysis of the specific reasons for its failure, mainly summarized as: the breakdown of external credit system, diversification, high financial leverage and failure of risk management. These reasons can be summed up. It is nothing more than the inherent flaws in the company's operational strategy, especially the risk control strategy. These factors in turn consume the various resource elements of the enterprise, weaken the organization's risk tolerance and adapt to the external environment. The ability ultimately leads to premature aging of the company.

Similar cases are numerous and numerous at home and abroad. To sum up, as long as the company's strategy is out of touch with its own resources and capabilities, those seemingly perfect strategic plans often have inherent flaws and become the cause of corporate failure. We can draw the following conclusions from a large number of similar facts: The strategic flaw in the organization is a kind of objective fact that exists widely and is an important reason for the failure of the strategy. The causes and activities of such defects have a significant direct impact on organizational culture, competitiveness, and life cycle[3].

3. Strategic Defect Concept

3.1. Meaning of Strategic Flaws

In the process of formulating the strategic plan of the organization, there are always some arrangements or decisions that cause the disconnection between the organization and the environment, the mismatch or loss of internal resources, the disorder of the internal functions of the

organization, the decline in the efficiency of value creation, or the weakening of the organization's ability to withstand risks. It eventually caused the premature death of the organization. This kind of system that exists in the process of formulating strategic plans and causing mismatch or loss of organizational resources is called organizational strategy flaws.

3.2. Level of Strategic Defects

Corresponding to the different levels of organizational management, strategic defects also have different levels of performance, which can be divided into overall layer strategic defects, business unit level strategic defects and functional layer strategic defects. The level of strategy directly determines the level of defects and their scope of influence. It goes without saying that the strategic flaws of the upper layer will inevitably lead to the next level of strategic flaws, but whether the next level of strategic flaws can trigger the strategic flaws of the upper layer remains to be observed and studied; at least in theory, the next layer Strategic shortcomings should be corrected by the strategy of the previous level (assuming the previous strategy is flawless).

4. Strategic Defects are Different from Strategic Deviations

In the process of strategy implementation, the gap between the status quo of strategic performance and the strategic plan (standard) is the strategic deviation. Like other deviations, it comes from the gap between the status quo and the standard. Unlike strategic deviations, strategic deficiencies come from planning or decision-making itself, are inherent flaws in planning or decision-making, and are the gap between the subjective will and objective conditions of the organization. Strategic deviations can be eliminated through corrective actions in the implementation of the strategy, but strategic shortcomings can only be eliminated by modifying plans or decisions.

5. Conclusion and Recommendation

Strategic flaw is an objective existence different from strategic deviation. Its formation mechanism, function and activity process are completely different from strategic deviation. Previous strategic management theories have neglected the study of this phenomenon. The importance that organizations, especially enterprises, place on strategic deficiencies can help organizations make appropriate decisions in the strategic management process, prevent the reduction of organizational resource utilization efficiency, or prematurely move toward the decline phase of the life cycle.

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