

STRATEGIC MANAGEMENT OF THE ORGANIZATION: THE ESSENCE AND MAIN COMPONENTS

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ABSTRACT

This article determines the significance and application of the concepts of "control", "management", "strategic management", the quality of management, the important task of management, strategic management of higher education, the process of strategic management "Analysis and forecasting of the market environment."

Keywords: Direction, management, strategic management, forecasting, motivation, information management process.

INTRODUCTION, LITERATURE REVIEW AND DISCUSSION

An effective economy is, first and foremost, effective governance. The importance and application of the terms "direction" and "management" in the modern world are close in content, but not exactly the same. Consequently, the concept of "management" applies to all types of systems - technical, biological, socio-economic and so on. The modern concept of "management" applies only to socio-economic systems, that is, organizational structures in which the obligatory element is the person and his goal-oriented activities. Therefore, in modern times, the management of an organization or organizational structures is called "management".

Various theories in their approaches and content, as well as schools, have significantly expanded their understanding of the possibilities of management and use as an independent field of knowledge. At present time, the effect of management on all spheres of public life has grown significantly. Therefore, the principles, forms and methods of modern management are actively used in science, education, health, cultural institutions, and until recently it was difficult to imagine them. There is a growing recognition of the fact that management is a field of professionally trained people who have mastered the art of management. Therefore, the most important person in modern management is a person, his abilities, skills, knowledge and skills.

The quality of management describes both the results of activities and the choice of ways and means to achieve them. A well-organized and well-coordinated team is needed to effectively address the challenges facing the organization, with each member knowing and doing his or her job, working smoothly, without interruptions, and resolving most problems without conflict, interested in the end result¹.

¹ Meskon M.Kh., Albert M., Hedouri F. Fundamentals of Management: Per. from English

- M.: "The Case", 1992. —702 p. p.313. 75. Meskon M.Kh., Albert M., Hedouri F. Fundamentals of management: Per. from English -

M .: Business, 1998.- 704 p.

The fundamental task of the management is to achieve the goals set before the organization at the lowest cost and in the shortest possible time. In solving this task, according to most authors, management theory and practice are based on four main functions: planning (setting goals of the organization); organization (optimal allocation of forces and resources); motivation (striving to ensure that all members of the organization work with maximum effort); constant monitoring and correction of current work (focused on the implementation of the goals of the organization, a clear response to external and internal conditions);

Accordingly, most authors believe that management is the effective and efficient achievement of organizational goals through planning, organization, motivation, and control over organizational resources. These functions are interrelated and have two common features: they all require decision-making, and communication, information exchange will be necessary for all of them in decision-making. The root of the information management process is the basis for making management decisions. These decisions can be made using a variety of ever-changing technologies.

Though the situational approach is now the leading one, the dissertation argues that the most preferred is the systemic approach, as it focuses not only on the internal affairs of the organization but also on the long-term prospects to keep pace with changes in the environment. The strategy to be developed should also be put in place. In the context of the command-and-control system of the economy, many organizations could operate successfully, focusing on the internal problems associated with increasing the efficiency of resource use in the current activities. In the conditions of transition to market relations, the stability of the education system has been undermined by external influences, and it is no longer possible to return to the status quo². Therefore, the importance of strategic management, which allows to operate in a competitive environment even in the long run, has increased significantly in recent decades.

The term "strategic management" was coined in the 60s and 70s of the last century, when it began to be used to differentiate between current management at the production level and management at the highest level. A forward idea that reflects the essence of the transition from operational to strategic management is to focus the attention of top management on their surroundings in order to respond to changes in the organization in a timely manner³. Development of strategic management ideas Frankenhofs and Granger (1971), Ansoff (1972), Schendel and Hatten (1972), Irwin (1974), L.G. Zeitsev, M.I. Sokolov, O.S. Vixanskiy, V.R. Vesnin, A.L. Gaonenko, A.P. Pankruxin et al. as well as in the scientific work of others.

Concentrating the considered features of strategic management, OS Vikhansky describes it as follows: "Strategic management is the management of an organization in which it relies on human potential as the basis of the organization, directs production activities to the needs of consumers, and timely and flexibly respond to changes in the organization that allow it to gain a competitive advantage, all of which make the organization more integrated. Achieve its objectives in the long term with the opportunity to work together. «Thompson-Jr. Arthur A. and Strickland III A.J. describe the company's strategy as a combination of business organization and competitive methods focused on meeting customer needs and achieving a

² Reznik S.D. Department Management: Textbook. 2nd ed., Revised and add. - M. :

INFRA-M, 2005.-635p.

³ Vikhansky O.S. Strategic Management: A Textbook. - 2nd ed., Revised. and add. - M.: Economist, 2003 .— 296p.

goal⁴. Richard L. Daft defines strategic management as a set of decisions and actions to define and implement a strategy that allows a company to maintain the best competitive position in the external environment and achieve its stated goals⁵. VV Glukhov distinguishes four types of strategic management activities: resource allocation, adaptation to the external environment, internal coordination, strategic foresight⁶. I. Ansoff describes the implementation and organization of the plans developed in strategic management as a planned interdependent complex⁷.

Thus, the term “strategy” refers to the study of the future, the analysis of possible scenarios; an idea that prevails in competition; system of management methods; a comprehensive plan designed to achieve the main goals of the enterprise and achieve its goals; is a multi-faceted concept in the form of improving the skills and abilities of employees. Concluding the atop, we can say that strategic management is the process of achieving the goals of the organization through the efficient use of internal and external resources.

The inceptive starting point of strategic management is the rule that the person is the foundation of any organization, and the success of the organization depends on it in the first place. The human being resource-oriented approach focuses on meeting the organization’s intellectual capital needs. Human resources are considered as one of the main sources of competitive advantage, which in our opinion is particularly relevant for higher education institutions. During the dissertation research, it was found that most authors describe strategic management in five interrelated management processes - environment analysis; defining mission and goals; strategy selection; as a dynamic set of processes such as strategy implementation, monitoring and evaluation of strategy implementation. They are of the opinion that these processes are interrelated and have stable feedback.

The accomplishment of the strategic management process "Analysis and forecasting of the market environment of the organization" provides management with information, allows you to compile a list of problems associated with the development of the organization and provides a basis for developing goals, mission and strategic decisions.

One of the basic tasks of any management is to balance the organization's interactions with the environment. Each organization is involved in three processes:

⁴ Thompson Jr. A.A., Strickland III A.J. Strategic Management:

concepts and situations for analysis, 12th ed. : Per. from English - M. :

Publishing house "Williams", 2006. - 928 p.

⁵ Daft R.L. Management. 6th ed. - St. Petersburg: Peter, 2004.- 864s.

⁶ Glukhov V.V. Management. - St. Petersburg: Peter, 2007.

⁷ Ansoff I. Strategic Management.- M.: Economics, 1989.

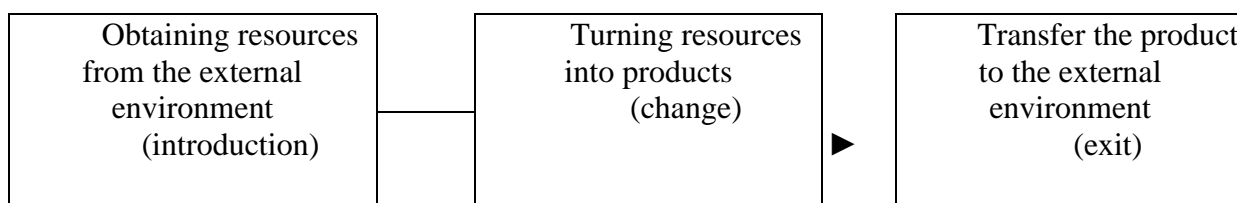


Figure 1. The process by which an organization interacts with the environment.

Management must strike a balance between “input” and “output”. With this imbalance in the organization, the effectiveness of its activities also ceases. The modern market has dramatically increased the importance of the exit process in ensuring this balance. This is reflected in the fact that the first block in the strategic management structure is the analysis of the environment.

Environmental analysis includes the study of its three components - the macroenvironment, the immediate environment, and the internal environment of the organization. In relation to higher education institutions, S.D. Reznik highlights the following components of the environment analysis (Table 5):

Table 5: Marketing environment of higher education institution

External environment (macroenvironment)	Nearby environment (meso-environment)	Internal environment (microenvironment)
<ul style="list-style-type: none"> -political and legal factors; -economic factors; -demographic factors; -natural-geographical factors; -socio-cultural factors; -scientific and technical factors. 	<ul style="list-style-type: none"> - consumers of services; -business partners; -competitors; - education authorities; - mass media; - state control bodies. 	<ul style="list-style-type: none"> -organizational and methodical work; -methodical work; -learning process; -scientific works; -scientific and methodological support; -social affairs; - logistics; -management activities; - economic activity; -marketing activities.

The distinctiveness of the field of education is that it has a broad, stable and strong feedback with the macro environment, as it forms a whole generation of professionals who will determine the change of this environment in their future activities. Macro environmental analysis consists of the study of the following components (Table 6):

Table 6: Components of macro environment analysis

Components	The purpose of the analysis	Object of analysis
Economic	Understand how resources are formed and distributed	Level of development of competitive relations, population structure, level of knowledge of the labor force, the value of wages
Legal	Determining the permissible limits of actions in relations with other subjects of law	Laws and other normative acts defining legal norms and scope of relations
Political	To form an idea of the goals of public authorities in relation to the development of society and the means by which the state implements its policies	Different programs, the attitude of the government to different sectors of the economy and regions of the country, the main features of the political system
Social	Determining the impact of social events and processes on business	Demographic structure of the society, population growth, level of education, mobility of people, customs and values, attitudes to work and quality of life
Technological	Timely vision of scientific and technical opportunities for production and product improvement	Technological development and transfer processes

The research of macro environmental components allows to highlight the trends that are characteristic of changes in the status of particularly vital factors and helps to predict the development trends of these factors, so that the organization can determine what risks they pose or which are favorable for future development.

The study of the immediate environment focuses on the analysis of the components of the external environment in which the organization interacts directly (Table 7).

Table 7: Components of the organization in the immediate environment

Components	Probability method of analysis
Customers	Development of strategic market segmentation, creation of a customer profile
Suppliers	Assessing the competitiveness of the supplier
Competitors	Evaluate the “strengths” and “weaknesses” of competitors
Labor market	Exploring the potential of staffing the organization

The fundamental subjects of interaction in the market of educational services are rational individuals (entrant-student-graduate / young specialist) who strive to maximize their income throughout the life cycle, higher education institutions that need quality training, employers in need of skilled labor (various legal organizations in the form and areas of activity), the state (as a central and local government) as a regulator of these interactions. On the other hand, the behavior of entities in the market of educational services cannot be fully defined as "rational", as the process of balancing supply and demand is hampered by a significant lag in the movement of market regulators, and the market-specific economic responsibility of higher education institutions is significantly financed by the state. is limited.

It is significant to note that the higher education institution can have an important impact on the nature and content of such interactions, and therefore be able to actively participate in the prevention of risks and additional opportunities to continue their activities in the future.

One of the basic external factors influencing the activities of higher education institutions is the Bologna process in Europe and the accession of countries reforming the higher education system, the adoption of legislation to modernize the higher education system. The internal environment of the organization is the environment that constantly and most directly affects its activities. The research of the internal environment focuses on identifying what strengths and weaknesses an organization has. J. Pierce and R. Robinson determined a set of key internal factors that can be considered a source of both strengths and weaknesses of an organization. The analysis of these factors allows to form a comprehensive picture of the internal environment of the organization and its strengths and weaknesses. In order to operate successfully in the market of educational services, a higher education institution will need to monitor and forecast all changes in the internal and external environment that are important to it. Timely measures will allow to avoid a number of problems and make effective use of the extant situation.

As aforementioned, the purposeful initiation in the activities of the organization appears as a reflection of the interests and goals of different groups of people who are more or less connected with the organization and involved in the process of its activities. To determine the extent of this impact, stakeholder analysis is used, which includes identifying and

systematizing key stakeholders, assessing their goals, gathering information about them, using this information in the strategic management process, and applying the adopted strategy. There are many concepts of stakeholders. They are sometimes referred to as “coalition members”. In general, the term “stakeholder” refers to any group or individual who can influence the activities of an organization.

Newbould and Luffman (1989) dispart stakeholders into four main categories⁸:

- influence groups financing the enterprise;
- the managers who lead them;
- employees of the enterprise;
- economical partners.

The recent category includes both customers and suppliers, as well as other economic entities. Each of these groups will have different parameters of activity measurement, which will affect the definition of strategic objectives. The interests of the stakeholders determined their behavior.

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The latter category includes both customers and suppliers, as well as other economic entities. Each of these groups will have different parameters of activity measurement, which will affect the definition of strategic objectives. The interests of stakeholders determine their behavior. Newbould and Luffman identified typical interests of key influence groups (Table 8):

Table 8: Typical interests of key impact groups

Affected groups	Typical interests
Stockholders	<ul style="list-style-type: none"> • annual dividend amount • increase in the value of shares • increase in the value of the company and its profits • Fluctuations in stock prices
Institutional investors	<ul style="list-style-type: none"> • volume of high-risk investments • Expect high returns • investment portfolio balance
Senior managers	<ul style="list-style-type: none"> • Salary and bonus amount • Types of potential additional income • Social status related to work in the company • level of responsibility • Number and severity of service problems

⁸ Newbould G., Luffman G. Successful business politics. L., 1989.

Workers	<ul style="list-style-type: none"> • Employment guarantee • Real wage rate • Terms of employment • Climbing opportunities along the service ladder • job satisfaction level
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Affect group	Typical interests
Customers	<ul style="list-style-type: none"> -desirable and quality products -cheap prices -product safety -new products at appropriate times -selection width
Dealers-distributors	<ul style="list-style-type: none"> -after-sales service -timeliness and reliability of supply -the quality of the delivered product
Suppliers	<ul style="list-style-type: none"> stability of orders timely payment under the terms of the contract building relationships related to supply good cash flow management
Corporate financiers	<ul style="list-style-type: none"> -ability to repay debts -timely payment of interest -good cash flow management
Representatives of state and local authorities	<ul style="list-style-type: none"> -employment -pay taxes -compliance of the activity with the requirements of the law -contribute to the economic growth of the region -contribute to the local budget
Social and communicational groups	<ul style="list-style-type: none"> -care about the environment -support for local community activities -conducting social responsibility actions -the demand for subordination to affected groups

As tendencies are relatively stable over time, various influence groups use varying methods of influencing the organization in order to correct organizational behavior in accordance with their interests. It will consequently be necessary to reflect the interests of all its stakeholders in the formation of a mission that represents the content of the existence of the organization's activities in a concentrated form.

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