

SCHOOLS OF STRATEGIC PLANNING: A CRITICAL ANALYSIS OF EXISTING CONCEPTS

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ABSTRACT

The article considers the essence of the concepts proposed by various schools of strategic management. Based on a logical analysis of methodological approaches to strategic management, the main problems of these schools are identified.

Keywords: strategy, strategic management, schools of strategic management, strategic thinking, development of strategies, strategic plan.

INTRODUCTION

The term strategic management was first introduced in the 1960s and 1970s to distinguish between operational management at the production level and executive management. The issue of developing strategic management ideas is reflected in the works of Frankenhofs and Grager (1971), Ansoff (1972), Shcendel and Hathen (1972), Irwin (1974) and other authors. As a leading idea of the transition from operational management to strategic management - the idea of focusing top management's attention on the environment (and thereby timely and adequately “responding” to the changes taking place) emerged.

METHODOLOGY

During the development of strategic thinking, a number of directions (schools) were formed and they were systematized by Henry Mintzberg. Henry Mintzberg, a professor at McGill University (Canada) and INSEAD, is known for his unique critical approach to the subject of management and scholars in the field. Analyzing more than 1,500 articles, he identified 10 major schools of strategy formulation. The first three of

these try to categorize how the strategy will be shaped in the next six school loads, depending on how it should be shaped. The tenth and final school sees strategy as something contingent and unstable. Henry Mintzberg draws attention to the extent to which there is a wide range of opinions on the classification of the object of strategy. According to Henry Mintzberg, there are the following schools of strategy: the design school, the planning school, the positioning school, the entrepreneurial school, the cognitive school, the educational school, the power school, the culture school, the external environment school, and the configuration school.

RESULT AND DISCUSSION

School of design

The representative of this school is the famous economist K. Andrews. The main rules of the design school were reflected in his work "Business policy: text and cases" in 1982.

According to Henry Mintzberg, this is "the most common approach to the strategy formulation process. This opinion is based not only on the recognition of the approach by the Harvard Business School, but also on the basis of its widespread use in strategy textbooks and other works on the subject. Although this approach is usually associated with the early work of Ken Andrews in the 1960s, G. Mintzberg cites the work of Igor Ansoff and Peter Selznick, published in the 1950s, as sources for the approach.

According to the representatives of the design school, "grand strategy" emerges as a result of a well-founded and deep thought process. Current goals and objectives are examined using a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, after which strategic alternatives are identified. Then, taking into account the values of the top management and the requirements in the direction of social responsibility, the single "best" strategy is selected. The head of the organization (CEO) not only controls the process, but also creates the strategy. In this model, the "end product" is specific to an individual organization and occurs as a fully classified strategy.

Planning School.

The founder of this school is Igor Ansoff, one of the leading and well-known economists in the field of strategic management and planning. The main ideas of the school were published in 1969. It is reflected in Ansoff's work entitled "Planning for Senior Management".

The motto of the School of Planning is to anticipate and prepare. According to this representative, "underlying the company's activity are essentially mechanical assumptions: working with each of the components in the prescribed order, and then putting them together as directed - the result is a corporate strategy."

Representatives of this school believe that strategy formation is an integral part of the planning process. Therefore, strategy is a highly formalized, rational process, usually divided into clear steps, and each of them is related to analytical work and the search for answers to a number of questions. According to Mintzberg, this approach is reminiscent of a production assembly line. Each element of the plan can be identified and recorded, then work on all components, then they are brought into a single unity and the right strategy appears. A strategy is a blueprint that includes specific goals, budgets, activity programs and plans. While it is under the attention of the senior leader “CEO”, the direct work is performed by staff of the planning department in the staff (senior management is involved only when the need arises).

Positioning school.

Its main ideas are reflected in Michael Porter’s book “Competitive Strategy” (1980). Porter states in his book that there are a limited number of strategies for each industry. Strategies, in turn, are formed as a result of analytical calculations - books, by taking a certain position in relation to other participants of the market.

But (according to Henry Mintzbergi) the sources of the idea based on the military concept (that is, strategy depends on the right position) can be found even in the works of Sun Tzu, written in the fourth century BC. In fact, many conclusions of the positioning school are similar to the “rules of war”. For example, commonly expressed suggestions begin with words such as “Although you find yourself in a certain situation, you take the following position...”. In the field of management, similar classic consulting products appeared in the 60s and 70s of the last century (Boston matrix, etc.). Some of them suggest taking a position regardless of the external environment. For example, it is recognized as the most appropriate approach in all situations to achieve the weight of the market by any means or to follow the "curve of experience" as quickly as possible. Michael Porter’s work on competitive strategy in the 80s of the last century gave a new dimension to the school’s ideas. According to Porter’s model, modeling and planning gave way to competition and network analysis. While strategy development is a deliberate and controllable process for an individual organization, the unique model of the positioning school loses to generic strategies such as cost prioritization, focus, or differentiation that organizations must employ. The main task of the strategy developer is to select the most convenient one (competitors and the network in which the organization operates) from the existing situations for their organization, which managers can put into practice using analysis. Mintzberg classified this as “determinism in the guise of voluntarism.”

Business school.

The founder of the school is P. Druker. From the point of view of the school representatives, the strategy exists as a perspective in the leader’s thinking. Thus,

according to the teachings of this school, the choice of a strategist is based on intuition, and the success of the choice depends on entrepreneurial talent. Although Henry Mintzberg called it the "entrepreneurial school", the main ideas are expressed in terms suitable today for the "predictive leadership school". Here, strategy formulation is a forecasting process. Strategy is formed in the thinking of a leader, who, based on his intuition and work experience, determines the future of the organization and defines the development paths. A leader who oversees strategy development and implementation can change the perspective (taking into account the external environment) in a way that is appropriate for the organization. According to Henry Mintzberg, this can be an important part of the process that drives an organization.

Since strategy formulation is a product of thinking, it has a high level of uncertainty from the point of view of education. There is a possibility that the strategy will become completely dependent on the emotions of one person who is dependent on control and does not want to share power with others. But on the other hand, the strategy can be innovative and step-by-step. The ideas of this school are usually reflected in the phrase "business success is explained by the mindset of the CEO, and failure - by his absence."

Cognitive school.

Representatives of this school consider strategy development as a mental process. Henry Mintzberg used the term "cognitive school" not because of its actual existence, but because "its importance may lead to the creation of such a school." The school notes the need to understand "how the mind can process information and create a strategy," suggesting that strategy is a product of human (individual or collective) thinking. Unfortunately, most of the existing literature uses cognitive psychology works based on the fact that the individual's ability to collect and process information on the subject is limited, which can lead to subjective or incorrect conclusions.

The listing of this hypothetical school is, in our opinion, a call for more work in this direction. According to Henry Mintzberg, it is extremely important to understand how the knowledge gained from experience affects the formulation of strategy.

School of Education.

Representatives of this school considered strategy formulation as an evolving process. Henry Mintzberg believed that the tendency of the three guiding schools to simplify (a static process out of step with the dynamics and complexity of strategy development) was dangerous. A school of education offers another solution - this is education (studying during the available time). Henry Mintzberg (one of the main representatives of this school) classified strategy formation as a "step-by-step process".

Although this direction was developed through the research of James Brian Quinn, according to Henry Mintzberg, it is only "part of the way". Quinn classifies the

process of "logical integration", according to which the strategy develops according to the integration of internal decisions and external events (to create a consensus among the top management). Thus, strategy is usually formed and implemented at the same time. Henry Mintzberg further notes that strategy can originate at lower levels and be brought to the attention of top management through middle managers.

School of power.

From the point of view of school representatives, strategy formation is a process of coming to an agreement. Henry Mintzberg notes two approaches that recognize politics as part of the strategic process. At the micro level, domestic politics occurs when influential individuals (or groups of individuals with power) use political tools to achieve their goals. This is typical for the situation where the desire to break the status quo and implement their own strategy has arisen among the "young people". It can also occur during periods of great change or absence of a dominant force.

School of culture.

Representatives of this school consider the process of strategy formation as the result of the activity of a large number of employees of the organization (that is, a collective process). Despite the fact that culture suddenly gained great importance in management issues (80s of the last century), the number of scientific works directly connecting culture and strategy is extremely small. As an exception, we can cite the Swedish school, which was active in the 70s of the last century. By studying not so large sources, Mintzberg tried to determine the main postulates of the school of culture. According to school officials, generally accepted values, traditions, and history or culture create expectations (desires). Then the line of expectation (desire) forms the action. This leads to a clear set of visions and approaches that create an active strategy.

Outdoor school.

While most schools consider the external environment as a factor to be considered during strategy formulation, in the external environment school (Mintzberg's term) the external situation creates the strategy. According to Mintzberg, this school "emerged on the basis of the theory of unexpected situations, based on the postulate that the external environment gives a specific character to the organization." This initial idea was later developed by "population ecologists", who believe that the laws of biology (natural selection, selection) can and should be applied to the organization. According to Mintzberg, this implies that "an organism is born as a member of a population, finds an ecological niche, and eventually dies." In certain situations, the external environment not only limits the strategic choice, but can completely destroy it, because the organization needs to adapt to the external environment in order to survive. It destroys freedom of choice (aspiration, will, etc.): "therefore, there is no internal or external strategy, leadership is a myth."

School of configuration (school of structure).

The Configuration School is conceptually distinct from the other nine schools. The main thing here is not the ideal or existing practice, but the perspective, views on certain episodes of the history of the organization. According to representatives of this school, strategy formation is a process of transformation.

The configurational school considers strategy formation as a process determined by time (period) or situation. Rather than looking at the best way to formulate a strategy, this approach assumes that any or all methods can be used for different situations. But taking into account the external environment, the nature and shape of the organization (for example, its size or life cycle) will lead to the choice of one or another type of strategy. Thus, different processes of strategy formation occur at certain historical periods of the organization's life cycle. It doesn't matter whether formal planning or intuition dominates, whether policy or forecasting plays a role, or whether a new opportunity for strategy emerges, it all depends on time and context. This approach means that research focuses on certain stages of the organization's history (development, change, stability), periods of the life cycle (growth, decline), as well as the type and form of the organization in order to understand the presence or absence of a logic or system.

CONCLUSION

In short, consideration of strategic problems is usually a very complicated process, because at the higher level of management, a means of achieving a certain goal comes out as a goal at relatively lower levels. This situation can be called the hierarchical structure of the strategy; for example, although an organization's strategies are developed at the portfolio level, those strategies are seen as goals for the organizations within that portfolio. Organizations in turn develop their own strategies. These strategies come out as a set of goals for the structural units of the organization.

Thus, a strategy is a detailed, multifaceted, comprehensive plan aimed at realizing the organization's mission and ensuring the achievement of goals.

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