Strategic Management for Organizational Performance: from Which Come the Mistakes of Strategic Decision-Making

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Abstract

The current context of organizations is marked by changes or even dramatic changes. The main function of decision-makers becomes increasingly difficult and complex. At the same time, performance has become one of the most important topics within companies. That is why management and economics have addressed this central issue. Faced with a turbulent environment characterized by rough and fierce competition, guaranteeing performance and above all maintaining it becomes a strategic priority, which is why strategic management will be called upon. So our article will deal first with the performance of companies and the role of strategic management in this sought-after performance; and the precautions to be taken into account in strategic decision-making. To do this, we will begin our research by the conceptual framework of performance, to justify the contribution of strategic management in the performance of the company. The paper will conclude with an analysis of strategic decision-making and recommendations. The methodology used in this paper is a literature review.

Keywords: Strategic management, Performance, Companies, Competitiveness, Information, Environment, Decision.

1. Introduction

It is the environment in which any organization is today, whatever its activity, is complex and constantly changing and requires it not only to evaluate its performance at a given moment but to manage it by aiming for a sustainable performance.

"*The management of the performance process must be understood in the long term. Any company operating in a dynamic environment, performance management cannot be repeated identically. On the contrary, it must produce the conditions of its own transformation by providing an organizational learning function*"[1].

In this context, the need for an organizer over time, the necessary matching between environmental requirements and the company's capabilities, justifies the use of strategy and strategic management.

In the corporate world, the strategy is generally geared towards achieving a sustainable competitive advantage as a result of harsh and fierce market competition, a strategic area of activity, responsiveness to environmental survival or growth of the company[2].

From a chronological point of view, we can divide the emergence of strategy into an enterprise according to the goal and we obtain three main periods:

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1 Mandez, Performance management in a French multinational, in Proceedings of the 7th Congress of the AGRH 1996 on "performance and human resources" Page 328.

2 A.D.Chandler, Strategies and structures of the company, Editions d'organization, Paris, 1989.

The sixties when the corporate strategy is aimed at determining development objectives.
The seventies when the strategy integrated competition.
The 1980s when the strategy begins to support the stakeholders.

On the other hand, a typology of the strategy according to the behavior of the organization allows us to obtain two classifications, namely, the reactive strategy which covers a set of action decided in the face of an environmental threat; and the proactive strategy that comes down to an initiation of an autonomous action.

Whatever the strategy, information is the key. According to R. REIX[1] [2000], *information is what changes our moral vision, which reduces our uncertainty.*

Indeed, the organizations have evolved over time, the strategy will have to take charge of this evolution in order to better adapt and consequently to guarantee the attainment of the expected objectives. Although it is not an end in itself, but a set of paths and options to achieve the organization's goals in the long run, having a strategy seems to be a fundamental element for any organization. It is therefore necessary to have a plan defining the main orientations to be pursued and the action plans to be undertaken to ensure its profitability, continuity and growth that it is developed and put in place. We can say that the essence of the strategy is the taking into account of the future, the will to anticipate and control to better prepare.

In this context, this article aims to re-examine the relationship between strategic management and the overall performance of the company. Two simple and important questions are addressed: does strategic management improve the performance of the company? What are the sources of strategic mistakes?

State of the Art

a. Performance and Key concepts

The performance of organizations is a very answered concept. It has gained momentum, especially with globalization. This importance will be further accentuated by the emergence of the information and knowledge society. The often underwritten performance of the evaluation. Information and its mastery becomes the new crucial element that occupies managers. As with other management concepts, the concept of performance is far from unanimous in terms of definition. The definition of the concept of performance is generally confused with the concept of efficiency and effectiveness.

By distinguishing between individual performance and organizational performance, Turcotte considers that the latter "differs from productivity in terms of the value of a unit of goods and services relative to its cost of production. It is different from the efficiency that is the ability to achieve objectives as well as efficiency that reflects the ability to be effective at the manufacturing level, regardless of whether the products sell well or not"[2].

Several attempts to define performance have been recorded. We quote the one by M. Lebas[3], who tries to define performance in the management domain by evoking what he called "*the common characteristics of performance*[4]":

Accomplish, carry out an activity for a specific purpose.
Realization of a result.
Comparing a result against an internal or external reference.
Ability to achieve or achieve an outcome (potential for achievement).
Apply concepts of continuous progress with a view to competing.
Assessment of performance by several stakeholders who may not have the same vision and approach. Hence the need for a multi-criteria approach to performance.
Measure by a digit or a communicable expression.

3 R.REIX, information system and management of organizations, Vuibert, Paris, 2000, 3rd edition.
4 P.Turcotte, Behavior in an organizational environment, Consul 2000, Publisher Sherbrooke.1997, 658 pages. Page 22.
5 M. Lebas, The concept of performance, in Revue Travail , n ° 34, spring - summer 95, page 137 to 149.
6 http://theses.univ-lyon2.fr/documents/getpart.php?id=lyon2.2001.lahlali_m&part=47389.

On his part, A. Bartoli has linked three notions of results, means and objectives by linking them to three logics and which are logic of efficiency, logic of effectiveness and logic of budgeting[1].

Because of the changes already cited in the organization environment, evaluating an organization's performance using relevant and appropriate indicators remains a difficult exercise. It must ensure the success of organizations regardless of their sector of activity, while taking into account the evolution that organizations are experiencing today. This attitude is justified by the presence of many organizations that continue to measure their performance through indicators designed to meet past needs. An effort to adapt is strongly urged so that the indicators reflect the reality sought.

In today's increasingly competitive, turbulent and unpredictable environment, appropriate performance indicators should be developed and, in particular, operational models should be defined to measure them in order to determine the level of performance of the company. This will help to properly manage the overall performance of the company.

b. Strategic management

Decision-making processes that are strongly influenced by the structure of the organization produce the strategy. The manager's job is "strategic management", defined as the management of the interactions between strategy, structure, decision and identity. The latter are the tetrahedron of strategic management.

Strategic management has been the subject of numerous writings, starting with the definition of management according to Peter DRUCKER (1999), which consists of the art of making rational and informed decisions; the strategic management is described as "*the organizer, over time, of the necessary matching between the requirements of the environment and the capacities of the company*"[2].

Strategic management is a top-management assignment, characterized by a long-term commitment, concerns the organization's relations with its environment and engages the entire organization.

Strategic management thus enables an organization to ensure its competitiveness, its security, in addition to its legitimacy by allocating its resources as well as possible in order to create added value. Talking about strategic management is about tackling different notions such as strategic diagnostic, strategic choices and strategic deployment.

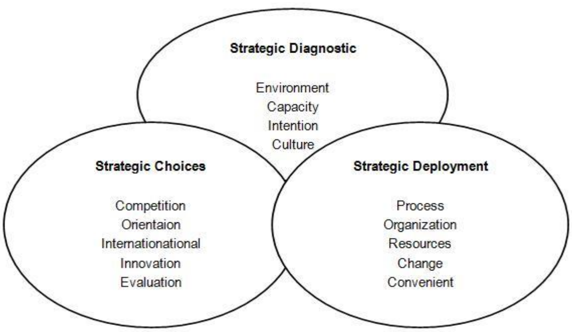

Figure 1. The components of strategic management

The Strategic Diagnostic consists of understanding the strategic impact of the external environment, the strategic capacity of the organization (its resources and skills) and the expectations and influence of the stakeholders. Strategic Choices include the selection of future strategies, both at the organizational level and in the strategic areas of activity, as well as the identification of development orientations and modalities.

[7] A.Bartoli, The management of public organizations, DUNOD, Paris, 1997, 283 pages, page 78.
[8] A.Ch. Martinet, Strategic Management: Organization and Policy, McGraw-Hill, 1984.

Strategic Deployment involves putting the strategy into practice. A strategy exists only when it is effectively implemented and translated into operational and concrete actions.

The role of managers in strategic management is of such importance that it equals the importance of information and its control in the decision-making process. The latter, by its very nature, proves to be very complex and requires more resources and effort compared to the operational decision-making process.

Clearly, any strategy must be evaluated in order to judge it. The evaluation of a strategy remains crucial; it is limited to three axes, namely:

Relevance: the degree of fit between a strategic choice and the conclusions of the strategic diagnostic.
Feasibility: the expected performance of a strategic choice. It is measured by the gains (expected benefits of this choice), the risks (in case of failure) and the reactions of the stakeholders.
Acceptability: the company's ability to acquire and deploy the resources and skills needed to implement a given strategic choice.

Given the need to optimally allocate scarce resources, to arbitrate and prioritize possible programs and development paths, and to adopt proactive organizational behaviors, as well as a willingness to adjust activities and missions of the organization to the changes of its environment, strategic management has become more than ever a vital necessity.

Strategic management & Global performance a. The strategic process

The strategic process consists of an organization in a succession of stages which leads to the definition of a specific identity, its values and to the setting of long-term objectives. The strategic process outlines the steps required for strategic decision-making, and outlines the process.

The strategic process generally takes place in four stages:

1) The definition of the identity of the organization: mission, vision and values.
2) The strategic diagnostic.
3) Strategic choice and target setting.
4) Evaluation and correction of the actions implemented.

Strategic approaches have evolved over time; Jacques SORNET (2010) synthesized them in the following table:

Table 1. The evolution of strategic approaches[1]

	Years 60 – 70	Years 70 – 80	Since
Context	- Sustained growth - Establishment of large groups	- Sluggish growth - Increased competition and cost of resources - Social inclusion	- Opening of the stock market - Globalization - Economic Emergence of New Countries
Essential Goal of Strategy	- Define development objectives (volume, diversification)	- Surpassing competition	- Coping with globalization (size, costs, financing, competition)
Principles	- Determinism - Quantification - Optimization - Diversification	- Global vision - Management of uncertainties and crises - Process vision	- Adaptability, flexibility - Stakeholder Integration - Change management - Global Approach and Projects - Refocusing
Contemporary Approaches	SWOT (LCAG – Harvard) : strengths - weaknesses - opportunities - threats	Competitive approach (PORTER)	Resources and Skills

[1] J.Sornet, Management Course, CRCF Finance Resource Center 2010, France, Page 54, accessed [online] at http://crcf.ac -grenoble.fr/, on 22 October 2012.

Significant Tools	- Plans (long-term, operational)	- 5 competitive forces	- Redesigned Strategic Areas of Activity (same resources and competencies)
	- Budgets and Differences	- Strategic Segmentation, DAS	- Information system
	- Product lifecycle	- Value chain	- Analysis of technological potential, technological life cycle
	- Effect of experience	- Success Factor	- Total Quality
	- Economies of scale	- Strategic matrices (competitive positioning)	- Competitiveness Analysis

Source : Jacques Sornet, Management Courses, Financial Resource Center CRCF 2010, France page 54 Web site : http://crcf.ac-grenoble.fr/

For a better understanding, one can divide the strategic process into two main phases, one abstract and another concrete. The abstract side encompasses everything that is diagnosis, choice and conceptualization of strategy; as regards strategic control and the operational declination of the strategy, they constitute the concrete side of the process.

b. Management strategic and performance

The strategy intervenes in an organization at several levels:

The first level that of corporate strategy, concerns the purpose and scope of the organization as a whole and how it adds value to its various activities. This includes choices of geographic coverage, diversity of product and service offerings, and how resources are allocated between activities. Generally, the corporate strategy takes into account the expectations of the owners (the shareholders), the government or the stock markets.

The second level is sector-specific strategies, which identify key success factors in a particular market. This usually means defining how an advantage can be obtained in relation to competitors and which new markets can be identified or constructed.

These different orientations must meet market expectations while meeting the organization's overall objectives, such as long-term profitability or market share growth. While corporate strategy implies choices that engage the organization as a whole, these decisions are relevant to a strategic area of activity. A strategic business area is a subset of business activities that have similar success factors that share resources and know-how.

A key success factor in an activity is "what you need to know how to succeed in a market".

It is usually: - an element of the offer that has value for the customer - and / or a particular know-how - and / or a cost advantage in the design / production-distribution-distribution chain of the product / service.

(3)The third level of strategy lies at the base of the organization. This is where operational strategies are developed that determine how the different components of the organization (resources, processes, individual know-how) actually deploy the strategies defined at the global level and at the Strategic Areas of Activity level.

Coherence between operational decisions and strategy is therefore a determining factor.

3. Strategic decision-making errors

a. The organization, a decision-making center

An organization is a social entity, bringing together people who work together to achieve a specific goal. To reach it, it uses decision-making processes, so the organization is a center of decision-making by excellence.

The word decision is therefore omnipresent in the life of organizations. It is subject to reflection and debate, since it conditions and shapes the very future of the organization. For example, there are decisions of all kinds: financing decisions, investment decisions, or operating decisions.

The main role of any head of an autonomous center is to make decisions. In general, the decision-maker (s) are not autonomous, there are forms of limiting the decision such as market constraints, competition or legislation. In addition, decisions do not have the same importance, nor the same impact. All this makes the area of decision-making very important.

A first typology of the decision highlights the exceptional decisions of repetitive decisions. It is in this sense that it is important to establish a typology that allows each decision to be treated and identified as well as possible.

Depending on the criterion chosen, a typology of the decision can be drawn up. Establishing a typology of decisions involves identifying the main factors that affect decision-making. Reference can be made to the impact of a decision or the decision-making process for that classification.

b. Strategic decisions

The classification according to the purpose of the decision or called according to the importance of the problem is developed by Igor Ansoff [1965], the results of this criterion are a distribution by level and we will obtain:

The ***strategic decision*** is usually taken by top management. it concerns the main axes of development of the company, and the relations of the company with the external environment. This type of decision determines the future of the company by setting the fundamental orientations that commit it in the long term.

The ***tactical decision*** is usually taken by the intermediate hierarchy. it aims at implementing the strategy, drawing up action plans and correcting dysfunctions and, as a result, it concerns resource management and the effectiveness of their use in order to be able to monitor in the medium term develop, for example, the improvement of a product.

The ***operational decision*** is usually taken by the operational managers and covers all the unforeseen events, particular situations that arise during the execution of the operations. The operational decision relates to the day-to-day operation with the aim of making the process of resource transformation as efficient as possible. They are very frequent, their impact is short-term. It should be noted that these decisions are not independent, but only hierarchical. Operational decisions that are the most frequent in nature, concretize tactical decisions, themselves resulting from strategic decisions.

Figure 2. Strategic, tactical and operational decisions (Anthony, 1966)

In this case, the need for information intensifies each time you climb a level in the pyramid. The characteristics of the requested information are specific to each level. Thus, the information requested for the strategic level is natures:

- Complex.
- Diversified.
- Uncertain.
- Quantitative.
- Qualitative.
- Multiple shapes.

This amounts to saying that, overall, the strategic decision is much more complex than the other two types of decision.

	Strategic decision	Operational decision
Impact	Global	Local
Duration	Long	Short
Reversibility	Weak	Strong
Dimension	Multiple	Unique
Environment	Object / variable	Constrained / fixed
Objectives	General	Specific
Information	General unstructured	Specific and structured
Structuring	Low Exploration	Strong Operations

Table 2. Characteristics of strategic and operational decisions (Kalika & Orsoni, 2006)

Strategic decisions are therefore long-term decisions about the existence and identity of the company (they are part of the general policy of the company, are largely irreversible and staggered over time).**c. Principles sources of strategic errors**

Let us recall here that strategic decisions therefore have the following characteristics:
They are complex by nature
They are developed in a situation of uncertainty
They affect operational decisions
They require a global approach (internal and external to the organization)
They involve major changes

On the other hand, it is accepted that the decision depends on the set of information we possess[1]. It is a complex decision-making process. Below are some key strategic errors:

Environmental and information literacy for decision-making purposes

The organizational environment has become more complex, inconstant and confusing now that it is becoming increasingly difficult to keep up with changes. The availability of the necessary information, which after analysis will make it possible to draw appropriate conclusions for adaptation purposes and to define a strategy, accordingly becomes necessary for the survival of organizations.

In addition to conventional information on marketing, economics, finance, the analysis of the environment of the organization gradually encompasses new aspects. It is quite common to talk today about the analysis of environments linked to "policy of openness decided by public authorities, regulatory and regulatory aspects, economic conditions, ecology, sociological developments, technological developments and the impacts of competition ... "[2].

For decades, deep changes have affected the environment of organizations. These mutations are of order[3]:

Geopolitics, with the break-up of the communist bloc and the increasing role played by other actors than the European Union.

Economic, marked by both the globalization of trade and a finer segmentation of markets.

Technological innovations, marked by an acceleration of innovation and competition for the commercial pre-eminence of advanced nations, have led companies and states to rethink industrial strategy and to think about the definition of tools to better cope with these new challenges.

10 https://managementstrategiqueetperformance.wordpress.com/

11 M.AKLI, Strategic Intelligence in Business, (Communication, Governance and Economic Intelligence), International Colloquium UFC, 14-16 June 2008, Algiers -Algeria, consulted online at http://www.veille.ma/IMG/pdf/ governance-ie-acts / Strategic Watch-ENTREPRISE-AKLI-algerie-telecom.pdf, page 04

12 http://www.veille.ma/IMG/pdf/white-paper-IE.pdf.

At the same time, the development of information and communication technologies, which contract space and time, have led to a dematerialization of the economy, at the same time that they have made markets more competitive and the environment more complex, more shifting, less readable. In this context of profound changes in the organizations' environment, information becomes a strategic raw material in the service of the development strategy, whose management must be optimized by mobilizing all of the organizational forces. Information is thus a strategic raw material for:

Act: it is a question of constructing analyzes allowing to have decision arguments in the framework of strategic or operational projects.

Anticipating: it is a question of apprehending future changes and changes in the environment and thus feeding forward thinking.

React: It is a matter of being alerted in a timely manner to important events that must be responded to in a timely

manner.

Monitoring the environment is the first concern of organizations. The gathering, analysis and communication of information relating to this environment is the sinews of war. It nurtures the decision-making process in the company. This attitude represents a radical change in the managerial culture of the company. Information and its mastery thus becomes what makes the difference between organizations, it is the core of the strategic decision that provides competitive advantage.

Lack of anticipation

"When one espouses a trend, it is already too late," Robert SALMON, vice president of L'Oréal France, summarizes the philosophy of anticipation. Many large companies have either disappeared or sends to be by the only error that could not anticipate. Example of Kodak that could not clear the turn of digital, or Nokia with the event of tactics. The anticipation is like listening to the voice of the environment, only that way and hardly detectable because of its low intensity.

So companies that happen to detect weak signals emanating from the environment are the only ones who are able to prepare for future events and therefore have the desired competitive advantage.

A caveat is needed because anticipation is not forecasting which is simply the calculation of trends on the database collected in a past period. Rather, anticipation focuses on the events left out by forecasters, as it may be that there are signs of possible disruptions that may be of interest to organizations.

Threat assessment

Sometimes, organizations focusing on the defensive dimension alone may be counterproductive. To speak only of dangers, one risks very well to close the organization on itself and to rigidify its behaviors, even though its future rests on its ability to anticipate and adapt to a constantly evolving context.

A correct, fair and balanced assessment of environmental threats strongly influences the decision-making behavior of organizations. It is among the sources of strategic errors that paralyzes the action of undertaking.

Lack of promising opportunities

In addition to the overestimation of threats, promising opportunities may arise, but the strategic decision to exploit them is lacking due to a poor analysis of the situation.

The analysis should be fed on the one hand by strategic information and on the other by human, material and organizational means. Seizing opportunities remains the priority; this is what will develop the organization. Do not grasp it means missing an appointment with the future.

Change management

Strategic decisions are decisions that lead to remarkable changes in the life of organizations. They are therefore projects of change, and like any project, it must be managed in order to achieve the expected objectives. The success of an organization depends not only on the right strategy and on resources. It also depends on the ability of its management to operate, direct and support teams and individuals to engage in the organization's strategy and objectives.

Not to reconcile particular interests with the interest of the organization is the first side of strategic error; the second is not to have the entire human resources of the organization adhere to either the design and / or strategic objectives of the organization. This attitude, if not resolved, causes resistance to change, which will lead to the failure of strategic decisions.

Human Capital Management

Nurtured by the belief that there is no wealth but for Men, human capital and the intangible play an essential role in the success of strategic decisions. The decision-making process remains subjective and the cognitive aspect is present. Management must be able to consistently deliver performance and results and achieve the best possible performance of the teams and individuals they manage.

The challenge is to benefit the organization and the success of its strategy from the intangible asset it owns. This is to say how to manage all the knowledge and knowledge within the organization? Moreover, how to move from an individual intelligence to a collective intelligence?

The adoption of an integrated skills management culture seems to be the solution

4. Conclusion

The review and analysis have clearly shown the contribution of strategic management to the overall performance of organizations. Performance needs to be manager.

The upheavals in the organizations' environment have shown the weight and the preponderant role of a new element that is "information". The latter has become a particular new commodity. The mastery of strategic information for a decision-making purpose provides every organization with competitive advantage and consequently conditions for development and prosperity.

The decision that is only information plus a skill, mounts the role of the Human component in this process. A set of precautions are necessary to note them, namely the management of people and skills, the importance of the intangible in creating value within organizations, managing change and above all listening attentively to the environment of all stakeholders.

To meet the vital need and the need to adapt to the environment in order to have the competitive advantage, we recommend to all organizations the following axes:

- Monitor its relevant environment,
- Protecting its intangible heritage (knowledge, know-how, image),
- Manage knowledge,
- Influencing its environment,
- Manage change,
- To conclude, we assert that much of the mistakes in strategic decisions stem from a lack of knowledge of the environment.

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