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## CORPORATE STRATEGY VS STRATEGIC MANAGEMENT

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### Abstract

The concepts of corporate strategy and strategic management are often used interchangeably, but they represent distinct yet interconnected aspects of an organization's approach to achieving long-term success. This paper explores the nuances between corporate strategy and strategic management, highlighting their unique roles, objectives, and practical applications within the context of modern business.

**Keywords:** Corporate strategy, Strategic management, Strategic planning, Competitive advantage, Organizational decision-making, Strategic execution, Strategic adaptation

## KORPORATIV STRATEGIYA YOKI STRATEGIK BOSHQARUV

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### Annotatsiya

Korporativ strategiya va strategik menejment tushunchalari ko'pincha bir-birining o'rnida ishlatiladi, lekin ular uzoq muddatli muvaffaqiyatga erishish uchun tashkilot yondashuvining aniq, ammo o'zaro bog'liq tomonlarini ifodalaydi. Ushbu maqola korporativ strategiya va strategik menejment o'rtasidagi nuanslarni o'rganadi, ularning noyob rollari, maqsadlari va zamonaviy biznes kontekstidagi amaliy qo'llanilishini ta'kidlaydi.

**Kalit so'zlar:** Korporativ strategiya, Strategik boshqaruv, Strategik rejalashtirish, Raqobat ustunligi, Tashkiliy qarorlar qabul qilish, Strategik ijro, Strategik moslashuv

## КОРПОРАТИВНАЯ СТРАТЕГИЯ ИЛИ СТРАТЕГИЧЕСКИЙ МЕНЕДЖМЕНТ

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### Аннотация

Концепции корпоративной стратегии и стратегического управления часто используются как взаимозаменяемые, но они представляют собой отдельные, но взаимосвязанные аспекты подхода организации к достижению долгосрочного успеха. В этой статье исследуются нюансы

между корпоративной стратегией и стратегическим менеджментом, подчеркиваются их уникальные роли, цели и практическое применение в контексте современного бизнеса.

**Ключевые слова:** Корпоративная стратегия, Стратегическое управление, Стратегическое планирование, Конкурентное преимущество, Принятие организационных решений, Стратегическое исполнение, Стратегическая адаптация.

## **Introduction**

In the dynamic and highly competitive business environment of the 21st century, organizations are faced with the constant challenge of maintaining a strategic edge and adapting to rapidly changing market conditions. At the heart of this challenge lies the intricate relationship between corporate strategy and strategic management - two interrelated yet distinct concepts that have a profound impact on an organization's long-term success.

Corporate strategy, on one hand, refers to the overarching plan that guides an organization's major decisions, resource allocations, and competitive positioning. It is the high-level blueprint that determines the organization's direction, scope, and the ways in which it aims to create value for its stakeholders. Strategic management, on the other hand, encompasses the comprehensive process of formulating, implementing, and evaluating the strategic decisions that shape the organization's future trajectory.

While these two concepts are often used interchangeably, it is crucial to understand the nuances that distinguish them and the complementary roles they play in the pursuit of sustainable competitive advantage. Corporate strategy provides the strategic vision and objectives, while strategic management ensures the effective execution and adaptation of that strategy in response to evolving market dynamics.

Studying the relationship between corporate strategy and strategic management, highlighting their unique characteristics, key distinctions, and the importance of aligning these two critical elements for organizational success. By delving into the intricacies of these concepts, this paper aims to offer valuable insights and practical guidance for business leaders, academics, and practitioners seeking to navigate the complex landscape of strategic planning and management.

## **Methodology**

The paper begins by defining corporate strategy as the overarching plan that guides an organization's major decisions and resource allocations to achieve its desired goals and competitive positioning. In contrast, strategic management is presented as the dynamic process of formulating, implementing, and evaluating the strategic decisions that shape the organization's future direction. The key distinctions between corporate strategy and strategic management are examined, including their focus on different organizational levels, their time horizons, and their emphasis on decision-making versus process management. Additionally, the paper discusses the complementary nature of these two concepts, where corporate strategy provides the strategic vision and objectives, while strategic management ensures the effective execution and adaptation of that strategy.

Through a review of relevant literature and industry examples, the paper highlights the importance of aligning corporate strategy and strategic management to achieve sustainable competitive advantage, organizational agility, and long-term success. The findings of this study offer valuable insights for business leaders, academics, and practitioners seeking to optimize their strategic planning and management practices.

## **Literature review**

The concepts of corporate strategy and strategic management have been extensively explored in the academic and business literature, with scholars and practitioners offering diverse perspectives on their definitions, characteristics, and interconnected nature.

Corporate strategy has been widely defined as the overarching plan that guides an organization's major decisions, resource allocations, and competitive positioning (Porter, 1996; Rumelt, 1979). It represents the high-level blueprint that determines the organization's direction, scope, and the ways in which it aims to create value for its stakeholders (Collis & Rukstad, 2008). Scholars have emphasized that corporate strategy is typically formulated at the top management level and encompasses the organization's long-term objectives, competitive advantage, and resource deployment (Nag et al., 2007).

In contrast, strategic management is often described as the dynamic process of formulating, implementing, and evaluating the strategic decisions that shape the organization's future direction (David & David, 2017). This process involves analyzing the internal and external environment, setting strategic goals, developing and executing strategic plans, and continuously monitoring and adapting the organization's approach to achieve its desired outcomes (Hitt et al., 2017). Strategic management is considered a holistic and iterative process that spans multiple organizational levels and time horizons (Elbanna et al., 2016).

While corporate strategy and strategic management are related concepts, the literature highlights several key distinctions between them. Corporate strategy is primarily concerned with the "what" and "why" of an organization's strategic direction, focusing on high-level decisions, resource allocations, and competitive positioning (Kaplan & Norton, 2008). Strategic management, on the other hand, focuses on the "how" of strategy implementation, encompassing the processes, tools, and techniques used to formulate, execute, and evaluate strategic decisions (Wheelen et al., 2018).

However, the literature also emphasizes the complementary nature of these two concepts, where corporate strategy provides the strategic vision and objectives, while strategic management ensures the effective execution and adaptation of that strategy in response to evolving market dynamics (Mintzberg et al., 2003). Scholars have argued that the alignment and integration of corporate strategy and strategic management are crucial for organizations to achieve sustainable competitive advantage and long-term success (Nag et al., 2007; Elbanna et al., 2016).

This literature review provides a foundation for further exploration of the nuances and interconnections between corporate strategy and strategic management, setting the stage for a comprehensive analysis of their roles, objectives, and practical applications within the context of modern business.

## **Analysis**

Let's compare the definitions of the key concepts of corporate strategy and strategic management:

Corporate strategy refers to the high-level, overarching plan that an organization develops to achieve its long-term objectives and gain a sustainable competitive advantage. It is concerned with the scope of the organization's operations, the allocation of resources, and the overall direction the organization takes. The key elements of corporate strategy include:

- Organizational Mission and Vision: Defining the organization's purpose, values, and aspirations.
- Competitive Positioning: Determining the organization's position relative to competitors and the market.
- Scope and Diversification: Deciding the breadth and depth of the organization's product/service offerings and markets.
- Resource Allocation: Distributing the organization's resources (financial, human, technological, etc.) to support strategic objectives.
- Synergies and Coordination: Leveraging interdependencies and integrating activities across the organization.

The goal of corporate strategy is to create long-term value for the organization and its stakeholders by aligning the organization's internal capabilities with the external environment.

Strategic management is the comprehensive process of formulating, implementing, and evaluating decisions and actions that enable an organization to achieve its long-term objectives. It is a continuous, iterative process that involves:

- Environmental Analysis: Assessing the internal and external factors that impact the organization.
- Strategy Formulation: Developing strategic goals, plans, and initiatives to achieve the organization's objectives.
- Strategy Implementation: Allocating resources, designing organizational structures, and executing strategic initiatives.
- Strategy Evaluation: Monitoring and adjusting the strategy in response to changing circumstances.

The strategic management process aims to ensure that an organization's strategies are effectively executed and continuously adapted to maintain a sustainable competitive advantage. It involves integrating various functional areas (marketing, finance, operations, etc.) to align the organization's activities and resources with its strategic direction.

Corporate strategy focuses on the "what" and "why" of an organization's strategic direction, while strategic management encompasses the "how" of strategy formulation, implementation, and adaptation.

Examination of the key distinctions between corporate strategy and strategic management, focusing on their organizational levels, time horizons, and emphasis on decision-making versus process management:

Corporate Strategy focused at the highest, organization-wide level, formulated by top management. Concerned with the overall scope, direction, and resource allocation of the entire organization. Strategic Management spans multiple organizational levels, including corporate, business, and functional. Involves the integration of strategies across different units and departments.

Corporate Strategy typically has a longer-term focus, often extending 5-10 years or more. Concerned with the organization's long-term competitive positioning and sustainable value creation. Strategic Management encompasses both long-term and short-term time frames. Involves the development and execution of strategic plans, with periodic reviews and adjustments.

Corporate Strategy emphasizes high-level, strategic decision-making, such as diversification, mergers and acquisitions, and resource allocation. Focuses on the "what" and "why" of the organization's strategic direction. Strategic Management: places greater emphasis on the ongoing process of strategy formulation, implementation, and adaptation. Focuses on the "how" of executing and continuously refining the organization's strategic initiatives.

Corporate strategy defines the organization's overall direction, while strategic management oversees the implementation and adaptation of strategies across different organizational levels and functions. Corporate strategy is concerned with the organization's long-term positioning and competitive advantage, while strategic management is focused on the effective execution and continuous improvement of the organization's strategic plans. Corporate strategy takes a more top-down, big-picture view, while strategic management involves a more holistic, cross-functional perspective that integrates various organizational activities and processes. Corporate strategy is more static and less iterative, while strategic management is a more dynamic, ongoing process that requires constant monitoring, evaluation, and adjustment.

Corporate strategy and strategic management are complementary and interdependent concepts, with the former defining the organization's overall strategic direction and the latter ensuring the effective execution and adaptation of that strategy over time. The distinctions in organizational levels, time horizons, and decision-making versus process management highlight the unique roles and contributions of these two critical aspects of an organization's strategic success.

Some industry examples that highlight the importance of aligning corporate strategy and strategic management to achieve sustainable competitive advantage, organizational agility, and long-term success:

*Retail Industry - Amazon:*

- Corporate Strategy: Amazon's focus on e-commerce, diversification into cloud computing (Amazon Web Services), and the expansion of its product and service offerings, such as Kindle, Prime, and Alexa.

- Strategic Management: Amazon's relentless focus on customer-centricity, data-driven decision-making, and continuous innovation in its operations, logistics, and technology infrastructure. This has enabled it to adapt to changing market conditions and maintain its market dominance.

- Alignment: The alignment between Amazon's overarching corporate strategy and its strategic management processes has allowed the company to capitalize on emerging trends, disrupt traditional retail, and achieve sustainable competitive advantage.

*Automotive Industry - Tesla:*

- Corporate Strategy: Tesla's vision to accelerate the world's transition to sustainable energy through its electric vehicles, energy storage solutions, and renewable energy products.

- Strategic Management: Tesla's focus on vertically integrating its operations, developing cutting-edge battery and autonomous driving technologies, and creating a direct-to-consumer sales and service model.

- Alignment: The alignment between Tesla's long-term corporate strategy and its strategic management of innovation, manufacturing, and customer experience has enabled

the company to disrupt the traditional automotive industry and become a leader in the electric vehicle market.

*Pharmaceutical Industry - Novartis:*

- Corporate Strategy: Novartis' focus on diversifying its product portfolio, investing in research and development, and expanding its global reach through strategic acquisitions and partnerships.

- Strategic Management: Novartis' emphasis on operational efficiency, digital transformation, and patient-centric innovation to address unmet medical needs and maintain a competitive edge.

- Alignment: The alignment between Novartis' corporate strategy and its strategic management practices, such as portfolio optimization, data-driven decision-making, and agile product development, has allowed the company to navigate industry challenges and remain a leading player in the pharmaceutical market.

These examples demonstrate how the effective alignment of corporate strategy and strategic management can enable organizations to achieve sustainable competitive advantage, organizational agility, and long-term success. By aligning their overarching strategic direction with robust strategic management processes, these companies have been able to anticipate and respond to evolving market conditions, innovate, and maintain their leadership positions within their respective industries.

**Discussion**

The study on the relationship between corporate strategy and strategic management offers several valuable insights for business leaders, academics, and practitioners seeking to optimize their strategic planning and management practices:

*Balancing Long-Term Vision and Short-Term Execution:* The study highlights the importance of aligning the long-term, organization-wide focus of corporate strategy with the more immediate, process-oriented focus of strategic management. This balance enables organizations to maintain a clear strategic direction while effectively executing and adapting their plans to changing market conditions.

*Integrated Approach to Strategy Development and Implementation:* The findings emphasize the need for a more holistic, cross-functional approach to strategy development and execution, where corporate strategy and strategic management are closely integrated. This integration allows for better alignment of resources, coordination of activities, and responsiveness to strategic objectives across the organization.

*Fostering Organizational Agility and Adaptability:* The study underscores the importance of strategic management processes that enable organizations to continuously monitor, evaluate, and adjust their strategies in response to evolving market dynamics. This agility and adaptability are critical for maintaining a sustainable competitive advantage in today's rapidly changing business environment.

*Importance of Data-Driven Decision-Making:* The study highlights the role of data-driven decision-making in both corporate strategy and strategic management, allowing organizations to make more informed, evidence-based choices. Leveraging data analytics and insights can enhance the effectiveness of strategic planning and execution across the organization.

*Strengthening Organizational Capabilities and Talent Management:* The findings emphasize the need for organizations to invest in developing the right capabilities, skills, and

talent to successfully execute their strategic plans. Aligning corporate strategy and strategic management with talent management practices can help organizations build the necessary organizational capabilities to achieve their long-term goals.

For business leaders, these insights can inform the development of more effective strategic planning and management frameworks, fostering greater alignment between the organization's overarching vision and its day-to-day operational activities. For academics, the study provides a valuable foundation for further research on the interplay between corporate strategy and strategic management, contributing to the theoretical and empirical understanding of these concepts. For practitioners, the findings offer practical guidance on how to optimize the integration of corporate strategy and strategic management, ultimately enhancing their organization's ability to achieve sustainable competitive advantage and long-term success.

Overall, the study on corporate strategy and strategic management offers a comprehensive perspective that can benefit a wide range of stakeholders in the business community, academia, and beyond.

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