FUTURE DECISIONS DEVELOPMENTS BASED ON STRATEGIC CONTROL - CONCEPTUAL FRAMEWORK

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Abstract: *Strategic control, unlike operational control, aims to ensure the long-term success of companies by focusing not on immediate profit and liquidity, but on identifying and exploiting opportunities for sustainable development. By analyzing the business environment and adapting strategies accordingly, strategic control supports decision-making regarding future development directions, using methods such as SWOT and PEST analysis, Porter's value chain model and the Balanced Scorecard. These tools allow not only the identification of sustainable competitive advantages, but also the effective operationalization and monitoring of the chosen strategies. The strategic planning process involves clearly setting objectives, prioritizing initiatives, developing and executing a detailed strategic plan, followed by periodic evaluation for adjustments consistent with the dynamics of the business environment. Thus, strategic control makes it easier for companies to navigate the complexities and uncertainties of today's business environment, laying the foundations for long-term success through adaptability and strategic innovation.*

Keywords: *accounting, SWOT, PEST, Balanced Scorecard*

JEL Classification: M40

Introduction

Strategic control as compared to operational control represent two different perspectives in business management, each with its own distinct focus. While operational control focuses on the efficiency and effectiveness of day-to-day processes, generating profit and liquidity, strategic control looks beyond the immediate horizon, focusing on the long-term success of the company. It involves analyzing the business environment, identifying opportunities and threats, formulating and selecting appropriate strategies, and last but not least, implementing these strategies through well-defined operational programs. A key component of strategic control is strategic analysis, which functions as an early warning system, enabling the detection of relevant changes and supporting the decision-making process.

Strategic cost and success control focuses on generating sustainable competitive advantages, that is, advantages that cannot be easily imitated by competitors. This involves evaluating competitive strategies from the perspective of their impact on company costs and success. Strategic planning methods such as SWOT and PEST analysis, Porter's value chain model and the Balanced Scorecard are essential tools in this process, facilitating the operationalization of strategies and the monitoring of their implementation and success (Nouri& Soltani,2017; Sánchez-Cambronero et al., 2020; Rashid, 2022).

The process of strategic planning, which is an integral component of strategic management, varies from individual organizations to complex systems of interaction between several actors. This process not only projects long-term directions, but also links strategic and operational planning to ensure the feasibility and effective implementation of strategies. Strategic planning includes deciding upon the strategic position, prioritizing objectives, shaping strategic plans, executing them and, last but not least,

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DOI: 10.29302/oeconomica.2023.25.2.17

examining and revising them periodically to ensure alignment with changes in the business environment and the achievement of long-term objectives (Kuzminskyi, I. A., & Rizvanli, 2018; Brewer et al., 2022; Namazi& Rezaei, 2023).

In conclusion, strategic control is distinguished by its orientation towards ensuring the long-term success of the company, by anticipating changes in the business environment and adapting strategies to exploit opportunities and counter threats. This requires a systematic and integrated approach to planning, implementing and monitoring strategies with the aim of keeping and improve the company's position as compared to the competition.

Importance and role of strategic and operative control

Emphasis on the long-term orientation of the company distinguishes strategic control from operational control. In strategic control, the focus is not on generating profit and liquidity, but on determining the potential for long-term success. Consequently, the analysis of the company's environment is part of strategic control. The company's development options should be examined and weighed, taking into account different conditions. Within such feedforward analyses, strategic planning and strategic management should be supported in the decision-making process and thus in ensuring the long-term existence of the company (Gunarathne et al., 2021; Mio et al., 2022; Ahmad et al., 2023).

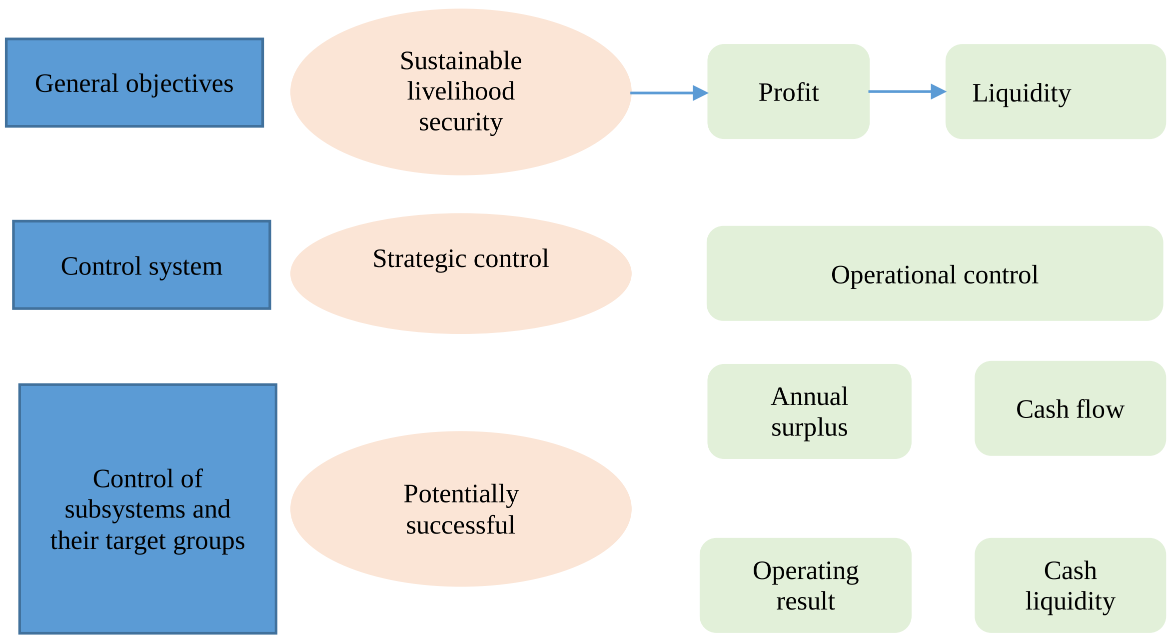

Figure 1 Differentiation between strategic and operational control

Strategic control tasks include strategic analysis, strategy formulation and selection, and strategy implementation. Strategic analysis is used to generate and process external information and is, therefore, used as a strategic early warning system as it enables early detection of strategically relevant changes. It also helps to visualize the corporate environment in a structured manner and thus promotes a better overview of the complexity and dynamics of the environment.

Strategic control achieves the derivation and selection of corporate strategies during strategy formulation. Coordinating the strategies of different levels of strategy is of vital importance. Therefore, the strategy of the company or the group must be coordinated with the strategies of the business areas and, finally, of the functional areas. The company's long-term orientation is decided as part of strategy selection (Ahmad et al., 2023).

Lastly, the selected strategy is implemented in the form of operational programs of measures. In this phase, strategic control has an accompanying and monitoring role. To ensure the effectiveness of the chosen strategy, the assumptions of the previous stages, the formulation and selection of the strategy must be checked. In addition, strategic control must make specific implementation decisions to ensure effective application.

Structure and tasks of strategic control of costs and success

Generating long-term competitive advantages is the overall goal of strategic cost control and success. It is about creating advantages over competitors that cannot be imitated, at least in the short term, and thus, representing a performance advantage. Competitive advantages are usually related to company-specific strategic success factors, which may include, for example, technological advances or special qualitative properties of the products produced. Depending on the specific competitive advantages, decisions can be made regarding the company's strategic orientation. Possible competitive strategies include differentiation and cost leadership, as well as concentration or niche strategies (Ahmad et al., 2023).

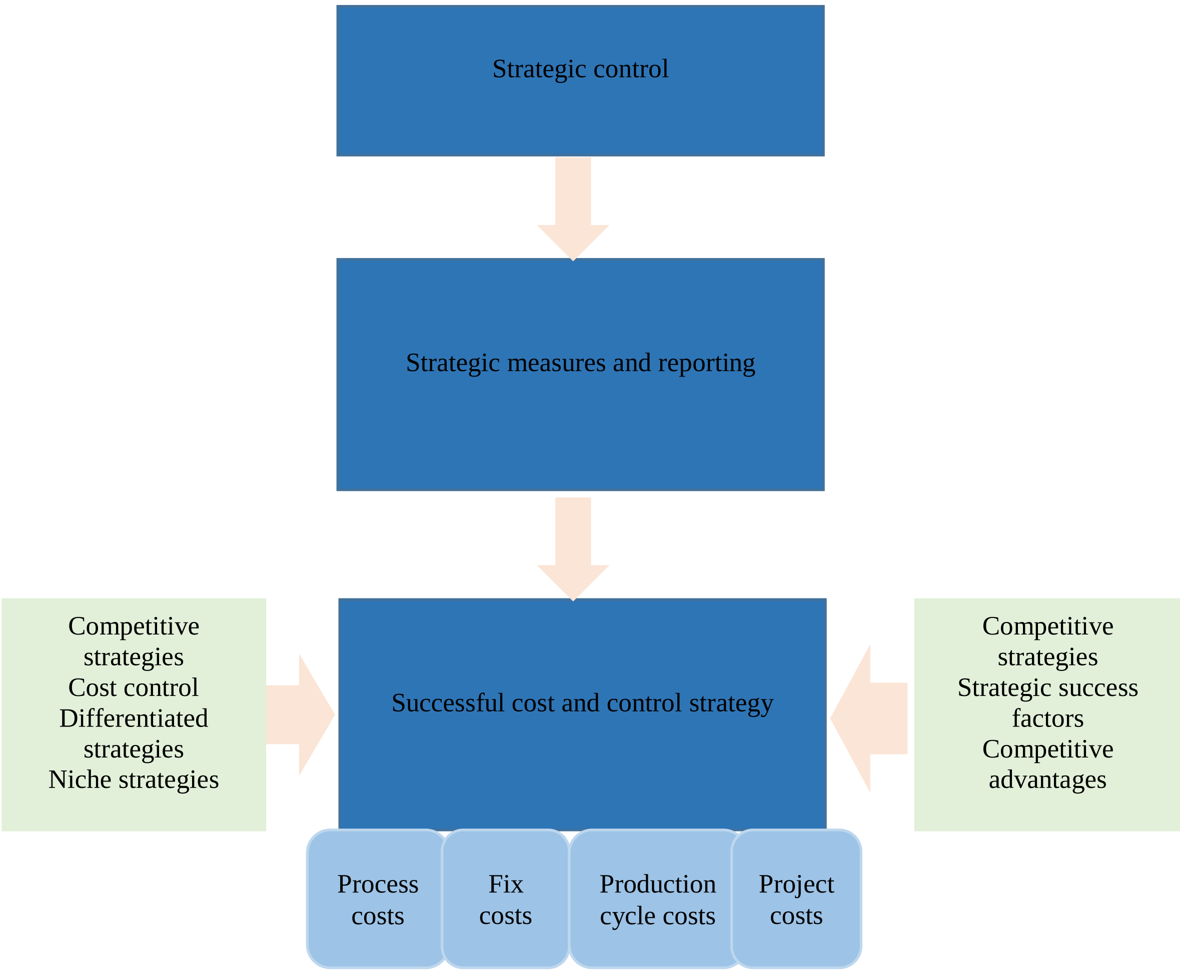

Figure 2 Framework for strategic costing and success control

Potential competitive strategies must be evaluated through strategic control in terms of their impact on costs and success. However, the final selection of a strategy is the task of a group or company management, including strategic planning. To ensure adequate information provision, strategic control must operationalize competitive strategies. Porter's value chain model can be used as a basis. It divides companies into (value) activities in order to obtain specific competitive advantages, taking into account different strategy alternatives. This approach allows the connection to strategic cost control and success, as the differentiation between activities is in the sense of later developments in accounting (eg activity-based costing) (Zamrud& Abu, 2020).

Another task of strategic costing and success control is to document changes in employment figures in terms of fixed cost management. Accordingly, multi-period cost accounting is required, the time horizon of which clearly exceeds that of operational control.

Strategic planning methods and tools

The toolkit that supports strategic planning includes a variety of planning methods. In general, a distinction can be made in these methods between those that support only a partial phase of strategic planning and those that, as integrated methods, fulfil several purposes within the strategic planning or decision-making processes.

The objectives of individual procedures may be structuring activities or processes, controlling information requirements and acquiring information, or forming the basis of communication processes. Especially in the context of the often creative process of obtaining strategic plans, it makes sense to use methods that change (divergent) perspectives of reality within interaction processes and contribute to conflict management and consensus building (Nsor-Ambal, 2020; Glanemann et al., 2020; Barrio eta l., 2021; Barnes & Hermanson, 2023). Table 1 presents the classic procedures for supporting the individual phases within strategic planning:

Table 1 Traditional planning methods

Methods to support strategic planning		
Methods of analysis	System analysis Determination of indicators Benchmarking	Scenario Analysis Network Planning Techniques Value Analysis
Planning methods Methods of creativity Evaluation and decision-making methods	***Quantitative*** The Delphi method Analysis of scripts The relevance tree method ***Intuitive*** Brainstorming Conative mapping Cost benefit analysis Scoring method Break-Even	***Qualitative*** Extrapolating trends Regression analysis Econometric models ***Deductive*** Morphological box Relevance Tree System Sketches Sensitivity analysis Compatibility methods Investment calculation

Integrated methods, on the other hand, include procedures that do not specifically target a certain phase of strategic planning, but perform several functions and thus link the individual methods together. Table 2 lists some examples of integrated strategic planning methods:

Table 2 Integrated strategic planning methods

Integrated methods to support strategic planning	
Experience curve	SWOT analysis

PIMS concept	Balanced Scorecard
Portfolio techniques	Value chain analysis
Potential analysis	Resource analysis analysis
Competition matrix	Value-oriented procedures

The strategic planning process is extensive - it supports you create a growth plan by identifying which strategic goals you prioritize and which initiatives are less useful for business growth.

Strategic planning in the strategic process

Strategic planning is a component of the strategic process that is more or less pronounced depending on the company. At the individual level, the (often cognitive) planning processes of individual managers characterize strategic planning, which forms ideas about the company's desired future development. These are later expressed in individual strategies for the company and, in the extreme case of a small company, may also represent the only form of strategic planning through the person of the owner. At the collective level, strategic planning takes place within a formal process that addresses long-term strategic issues related to corporate development in a systematic and channelled manner through the interaction of multiple actors. Unlike operational planning, where only incremental changes can often be made, this means that large-scale redesigns and process innovations can also be designed and implemented. However, it is important to ensure that strategic and operational planning are adequately interconnected to verify the feasibility of strategic plans on the one hand and to show the effects of operational decisions on strategies on the other (Zakirova et al., 2020; Mancini et al., 2021).

Every business should develop a strategic plan, but one might be surprised how numerous companies try to manage their operations without a definite plan (or at least without a clearly communicated plan). With so many companies failing at this, strategic planning could help you stay in advance of the competition.

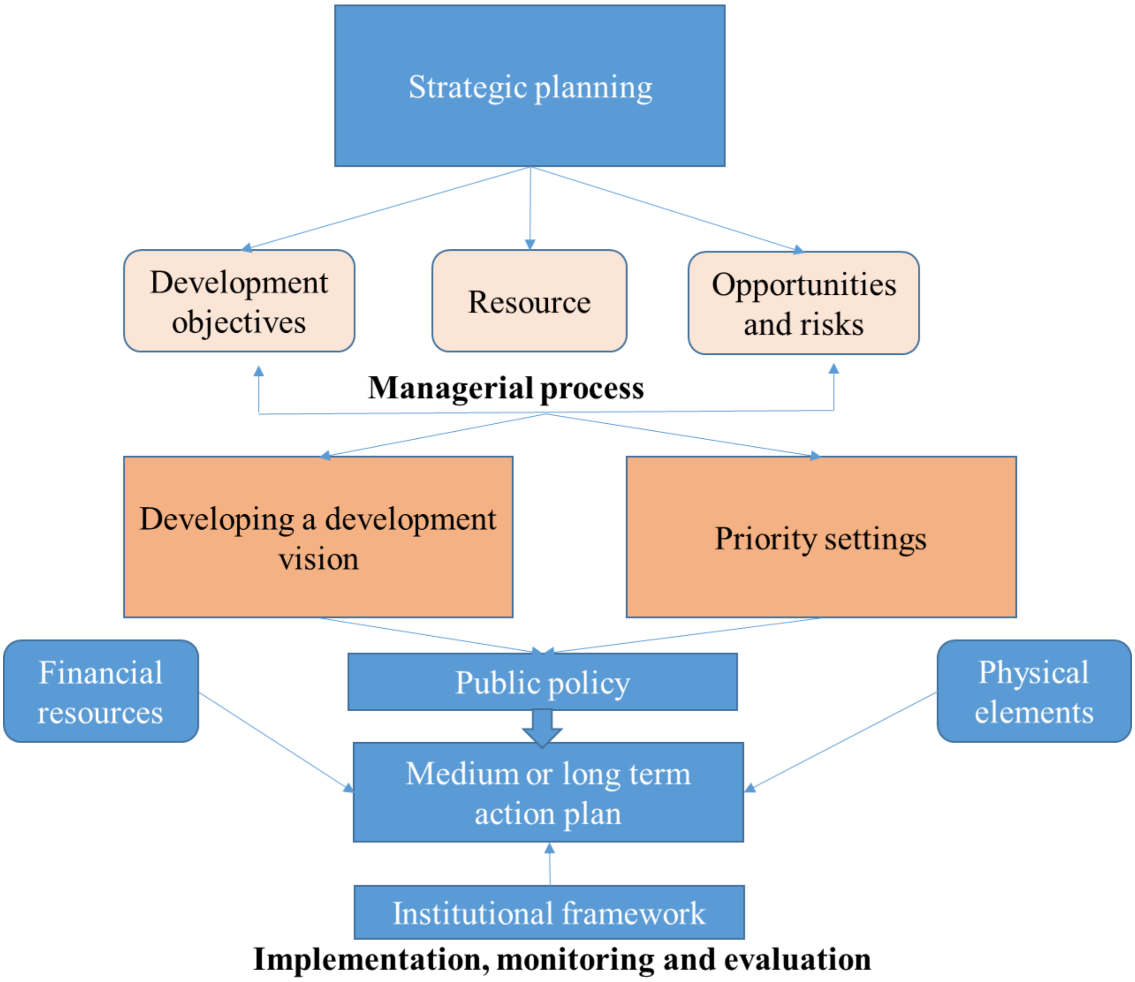

Figure 3 The strategic planning process

Basically, the strategic planning process is the manner in which organizations develop plans to accomplish high-level, long-term goals.

This process varies from the project planning process, that defines the scope of individual projects and breaks down tasks. A strategic plan also serves another purpose: to help one in developing the mission, vision, and goals.

The strategic planning process' steps are explained below.

a) Determining the strategic position

This preliminary phase forms the basis for all subsequent work steps. One needs to be clear about where we are in order to determine what the goals are and how to achieve them.

Include the proper stakeholders from the beginning, taking into consideration both internal and external sources. Find key strategic matters by talking with leaders within the organization, obtaining customer's perceptions, and gathering industry and market data to gain a clear image of the market situation and how customers are affected.

It may furthermore be useful to reconsider the company's mission and vision, or generate such a mission or vision if it does not already exist, so that you can define success in your organization. In addition, the company's core values should be reviewed to determine how the company will achieve these goals.

To begin with, industry and market information, together with customer information and current or/and future needs, should be used to detect issues that ought to be addressed. Documenting the company's strengths and weaknesses, along with external opportunities (opportunities for the business to grow to fill market gaps) and threats (competitors).

Using a SWOT analysis as a framework for primary analysis and insights from executives and customers, as well as external market information, one can rapidly organize the results in Strengths, Weaknesses, Opportunities and Threats (SWOT) categories to determine the current state (Benzaghta et al., 2021; Puyt et al., 2023).

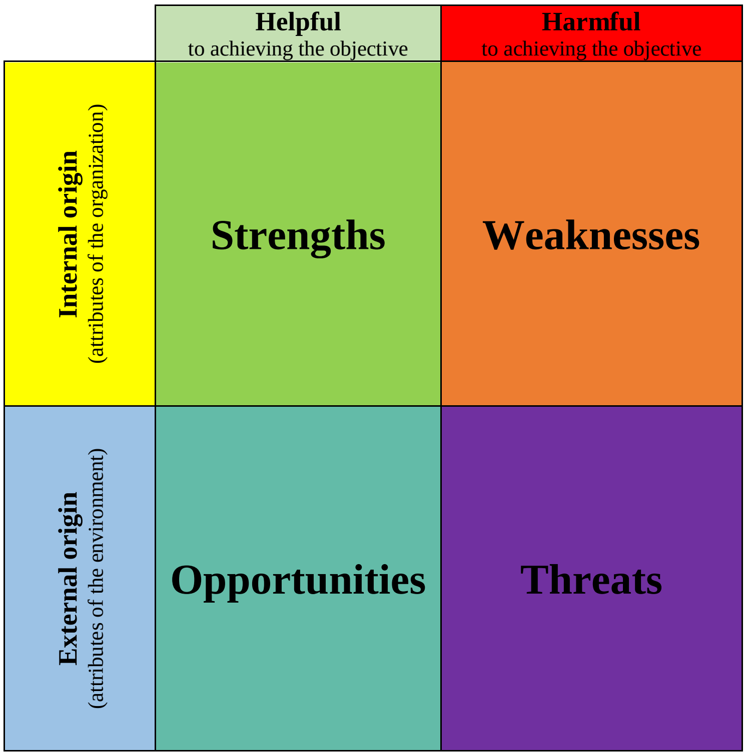

Figure 4 Example of SWOT analysis

PEST analysis is a substitute to SWOT analysis. PEST considers political, economic, socio-cultural and technological factors and is a tactical tool used to determine threats and opportunities towards the organization (Rashid, 2020; Eierle et al., 2022).

Figure 5 PEST analysis

As one gathers this data, the unique strategic position within the market will become clear enough to begin to flash out several vital strategic objectives. These goals are often geared toward a three up to five-year time horizon.

b) Prioritizing objectives

Once the current market position has been determined, it is the moment to set tasks that ought to assist in achieving the goals. Responsibilities must line up with the company's mission and vision.

Prioritize tasks by inquiring significant questions such as:

- Which of the initiatives will generate the highest impact in accomplishing the company's mission/vision and upgrading its market position?
- Which will be the competition's reaction?
- What are the priority initiatives?
- What actions are necessary to achieve our goals?
- How will the progress and the extent to which the goals are be measured?

Tasks ought to be clear and quantifiable to support one on the way to achieving the long-term strategic aims and initiatives identified in the first step. Possible tasks could be bringing up-to-date the website content, refining email open rates, and creating new leads in the sales pipeline.

SMART (Specific, Measurable, Achievable, Relevant, Time-Based) goals are beneficial for setting a timeline, identifying the resources required to attain the goals, and determining key performance indicators so that success can be measured.

c) Development of a strategic plan

The present is the moment to create a strategic plan so one can effectively accomplish their goals. To do this, one needs to determine the strategies needed to use to achieve goals, create a timeline, and plainly communicate responsibilities.

Strategic plans are an effective tool for visualizing the whole plan. You start at the top of the company and work your way down. This thorough method makes it easy to map business procedures and identify opportunities for enhancement.

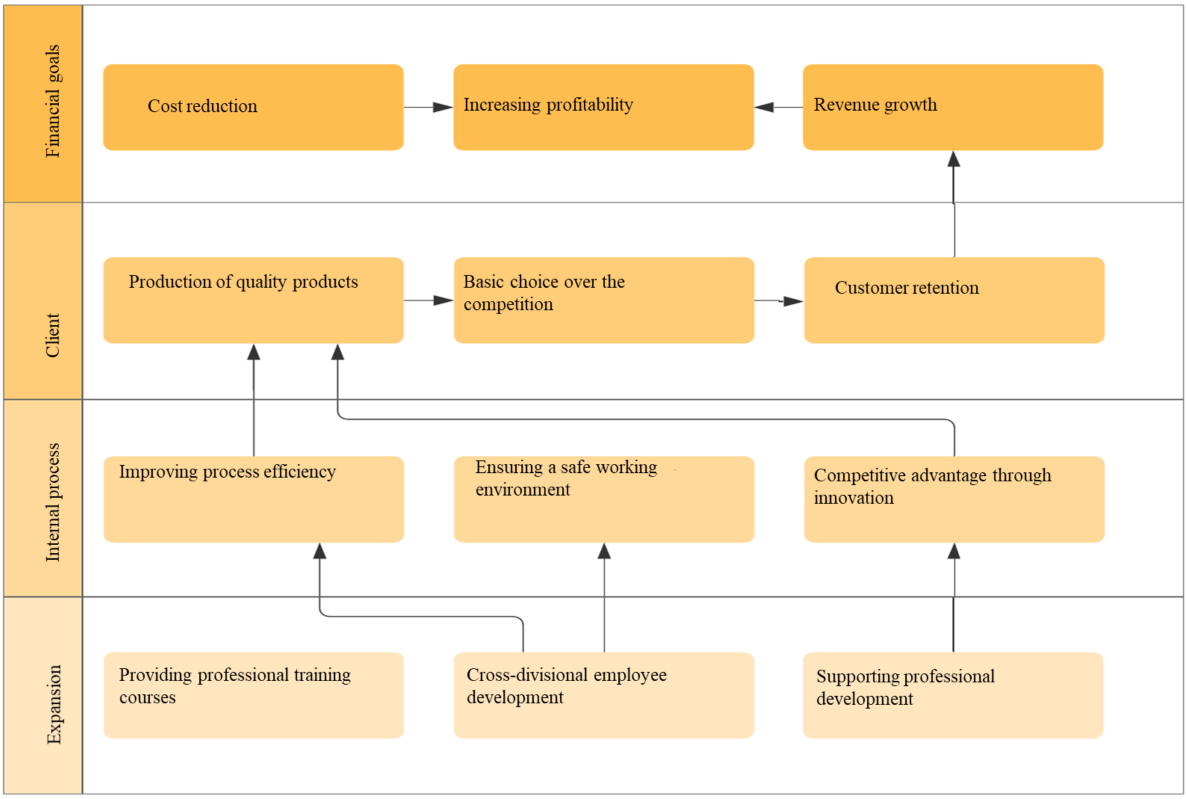

Figure 6 Example of a strategic plan

Real strategic decisions usually come with an opportunity cost trade-off. For instance, the company could choose to invest less money in customer support so that it can focus on generating an intuitive user experience.

d) Execution and management of the plan

Once the plan is in place, one could implement it. Primary, communicate the plan throughout the organization by distributing relevant papers. After that, the actual work begins.

Transforming the general strategy into a tangible plan by visualizing the processes. Use dashboards like KPIs to unmistakably communicate responsibilities with the team. Use this step-by-step tactic to visualize the completion process and responsibilities for every step.

Holding regular meetings with relevant employees and their managers and setting a schedule to review progress are necessary steps to certify you are on track.

e) Examining and revising the plan

The finishing phase of the plan—examination and revision—provides the occasion to reconsider priorities and make course adjustments based on previous successes or failures.

Quarterly, there is the need to establish the key performance indicators and how one continues to realize them. Alter the plan as needed. It is vital to reevaluate our priorities and strategic situation annually to certify we stay on track for long-term achievement.

Measure the progress using Balanced Scorecards to gain a comprehensive perspective upon the organization's performance and achieve strategic goals (Aryani & Setiawan, 2020).

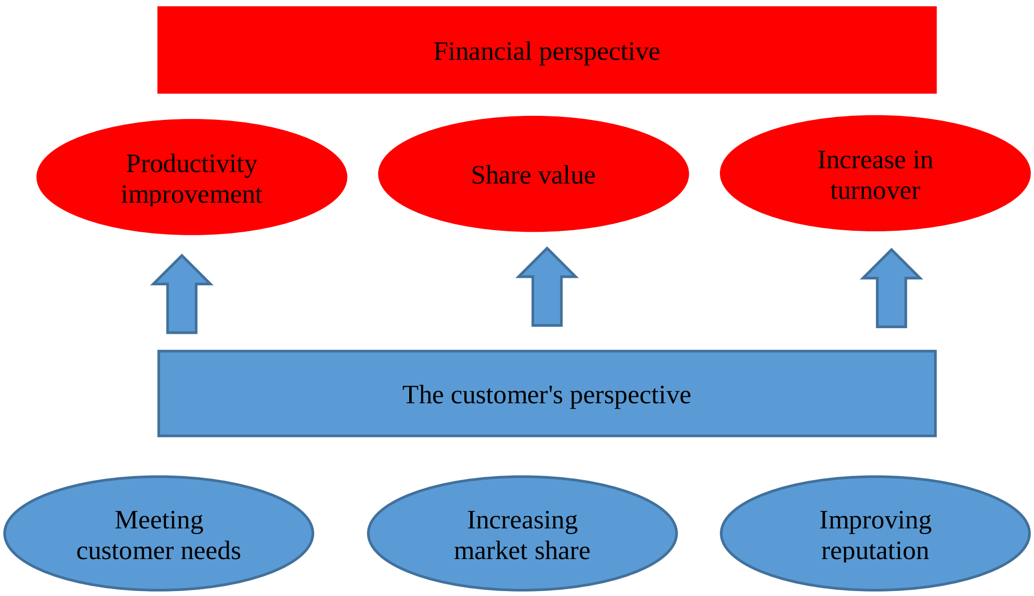

Figure 7 Balanced Scorecard

Over time, it is possible to discover that changes need to be made to the missions and visions - an annual assessment is a proper moment to reflect on these changes, develop a fresh plan and implement it.

By continuing the strategic planning practice and reiterating every step frequently, measurable progress will be made toward achieving the company's vision.

A long-term perspective can be maintained and decisions can be made that will keep your company on track for success for years to come, rather than being constantly preoccupied with emerging issues and competition.

Conclusions

The paper's conclusions highlight the fundamental importance of the distinction between strategic and operational control in ensuring the long-term success of a company. Emphasizing long-term strategic orientation, the paper underlines that the success of an organization is not only measured in terms of immediate profit and liquidity, but above all by the ability to identify and exploit the potential for long-term success. This complex process involves detailed analyzes of the business environment, formulation, selection and implementation of appropriate strategies, effective coordination of strategies at different levels of the organization and constant monitoring of their implementation.

The paper also explored the structure and tasks associated with strategic cost control and success, highlighting the need to generate sustainable competitive advantages and to assess the impact of potential competitive strategies on organizational costs and success. The importance of using a diverse set of strategic planning methods and tools, including SWOT analysis, Porter's value chain model, and the Balanced Scorecard, to support strategic decision-making and implementation was stressed.

In conclusion, strategic control is a vital element in the strategic management of companies, providing the necessary framework for adapting to changes in the business environment and ensuring long-term sustainable development. The strategic planning process, which includes the determination of the strategic position, the prioritization of objectives, the development and execution of the strategic plan, followed by its periodic examination and revision, constitutes the foundation on which companies can build and maintain their competitive advantage in a dynamic and fierce economic landscape.

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