

# THE IMPORTANCE, SIGNIFICANCE AND NECESSITY OF STRATEGIC PLANNING IN THE MANAGEMENT OF INDUSTRIAL ENTERPRISES IN THE CONTEXT OF MODERNIZATION OF THE ECONOMY

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## Abstract

Strategic planning in management is the process of documenting and establishing a direction of your small business-by assessing both where you are and where you're going. Strategy includes processes of formulation and implementation; strategic planning helps coordinate both. However, strategic planning is analytical in nature (i.e., it involves "finding the dots"); strategy formation itself involves synthesis (i.e., "connecting the dots") strategic thinking. As such, strategic planning occurs around the strategy formation activity.

**Keywords:** Strategic planning, management, small business, reviewing the internal and external factors, systematic approach, managing strategic change, successful development, formulation and implementation.

## Introduction

In recent years, the country has been working to develop entrepreneurship, attract investment and create a favorable environment for doing business, strengthen the legal guarantees to protect the legitimate interests of entrepreneurs. In particular, the tax system has been radically reformed, the procedure for obtaining permits has been significantly simplified, and a number of measures are being taken to further improve measures related to the financial and economic activities of business entities.

The reforms being carried out in our country today open the doors of world markets for honest businesses. Any business entity that carries out its activities legally, using the range of opportunities and benefits wisely, is protected by law<sup>1</sup>.

In order to further develop the activities of small businesses and private entrepreneurship, to promote the content of the legislation adopted to support them, to increase the legal and economic knowledge of business entities, the Namangan regional department of the Chamber of Commerce and Industry organized 54 seminars,

<sup>1</sup> The proposals and problems of entrepreneurs in Namangan region were closely studied. 14.02.2021. <https://customs.uz/uz/news/view/5452>

conferences, business forums and training courses were organized, which were attended by more than 2,623 entrepreneurs and young people interested in entrepreneurship.

Strategic planning in management is the process of documenting and establishing a direction of your small business-by assessing both where you are and where you're going. So, what is the purpose of a strategic plan? And what does a strategic plan consist of? A company's strategic plan consists of it's:

- Mission
- Vision
- Values
- Long-term goals
- Action plans

A well-written strategic business plan can play a pivotal role in your small business's growth and success because it tells you and your employees how best to respond to opportunities and challenges.

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy.

It may also extend to control mechanisms for guiding the implementation of the strategy. Strategic planning became prominent in corporations during the 1960s and remains an important aspect of strategic management. It is executed by strategic planners or strategists, who involve many parties and research sources in their analysis of the organization and its relationship to the environment in which it competes.

Strategy has many definitions, but it generally involves setting strategic goals, determining actions to achieve the goals, and mobilizing resources to execute the actions. A strategy describes how the ends (goals) will be achieved by the means (resources). The senior leadership of an organization is generally tasked with determining strategy. Strategy can be planned (intended) or can be observed as a pattern of activity (emergent) as the organization adapts to its environment or competes.

## Purpose of the research

Strategy and tactics in modern management theory much attention is paid to the methods and means of development and formation. Properly developed strategy The Company's strong position in the market and its continued success will allow it to develop in a competitive environment. **Strategic formation** - it means not only the behavior of organizations in the market, but also changes in the organization itself, its structure, management methods, production and financial capacity, personnel and many other aspects.

Strategy implementation (tactics), formulation and development is the most complex and labor-intensive part of strategic management. Therefore, many scientists in their research have focused on the development of strategies, mechanisms for its formation and development, the development of models. In particular, L.Alexander, M.Buckley, D.Galbraith, G.Dess, A.Miller, R.Reed, A.Thompson and others have paid great attention to the study of the structure of the implementation of the strategy. CIS scientists O.Alexina, O.S.Vikhansky, G.Goldstein, L.Grebinyak, A.I.Naumov, K.Redchenko approached this issue with his scientific views.

"Gaps" between the definition of the strategy of the organization and the order of its implementation. Closing this "gap" is becoming a serious problem for many organizations. This is one of the key issues not only for the development of organizations, but also for their existence. Strategic "gap" A.Brench, S.Bodley-Scotti, D.Genster, D.King, J.Kotter, It has been studied in the works of M.Coveni, E.Hughes, L.Schlezingner and others. People's attitudes to strategic change E.Shain, In the scientific approaches of L.Shlezingner, O.S.Vikhansky, A.I.Naumov, A.I.Prigojin; I.Ansoff, A.Vikhansky, J.P.Kotter, R.Kox, A.Prigojin, H.Rampersad, J.French,

E.Hugs, G.V.Shirokova, V.A.Spivak, on the problems of staff resistance Studied in the works of L.Schlezing<sup>2</sup> and a number of other scholars. In the works of N.Ulybina, M.Armstrong, R.Daft, R.Gonsalvez, J.B.Kuin, D.Kotter, another group of scientists - R.G. Buchbinder<sup>3</sup>, S.Rosenberg<sup>4</sup>, M. Hossein<sup>5</sup>, N.Kobzeva<sup>6</sup> and others grouped resistance to change by reason.

Many businesses and firms face challenges in implementing and shaping their business strategies. There are basically three main problems.

**The first problem:** strategy implementation plan. The plan itself be specific, include a clear list of actions and activities to implement the strategy. But the uncertainty and variability of the situation can lead to the fact that the planned actions are useless at the time of implementation, do not bring the desired effect, and sometimes, conversely, damage the process of implementing the strategy. This often happens when goals are not sufficiently formulated and are not clear to employees. In addition, the formulated strategies themselves cover many goals. At the same time, the relationship between individual goals in enterprises and organizations remains unclear, and the relationship between formulated goals and developed strategic measures remains unclear.

Another part of the problem is that the most important strategic goal, which is a priority, is not focused on, separating it from other goals. But it is an important process for achieving a successful outcome in business.

**The second problem:** is the resistance of employees to any changes and re-changes . However, the more noticeable the changes, the stronger the resistance and the more strongly they attract attention. It is advisable to pay more attention to the situation, to study the group that is resisting, to know the reasons for the resistance.

**The third problem:** motivating employees in strategic changes and formations. Separation of the system of incentives for the employee from the general implementation of the enterprise strategy. In many cases, individual goals are associated with the use of a system in the form of bonuses. Businesses need to formulate individual goals, the results of which must be objectively evaluated.

## Materials and methods of research

Different methods of analysis were used in the analysis of strategic planning in industrial enterprises. Observation, generalization, dynamic comparison, logical analysis, comparison methods were used in the research work.

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<sup>2</sup>Spivak V.A. Change management.2018.Studme.org.Shirokova G.V.Life cycles of Russian entrepreneurial firms: research methodology and main stages. Abstract of the dissertation for the degree of Doctor of Economics. Saint Petersburg, 2010. p. 46. Shirokova G.V., Shatalov A.I. Growth factors of Russian entrepreneurial firms: results of empirical analysis // Bulletin of St. Petersburg State University. Ser. Management. 2009. Shirokova G.V., Klemina T.N., Kozyreva T.P. The concept of the life cycle in modern organizational and managerial research // Bulletin of St. Petersburg State University. Ser. Management. 2007

<sup>3</sup>Buchbinder R. G. Organizational changes: the problem of personnel resistance and ways to solve it. Bulletin of Omsk University. The series "Economics". 2009. No. 4. -pp. 100-106.

<sup>4</sup> Rosenberg S. Breaking down the barriers to organizational change. The 2011 New Orleans Academic Conference. New Orleans. Louisiana. USA. 2011. – pp. 461-467.

<sup>5</sup> Hossein MMJ Evaluation effect of management information system: Implementation on personnel resistance causes in Isfahan power plant management corporation in Iran, Mahboubeh Delshad Dastjerdia. Procedure Computer Science. 2011. № 3. – pp. 1296-1303

<sup>6</sup> Kobzeva N. M. The phenomenon of resistance to change: the essence, types and forms of manifestation. Bulletin of the Voronezh State University of Engineering Technologies. 2013. No. 4. - pp. 298-303.

## Results and discussion

Strategy includes processes of formulation and implementation; strategic planning helps coordinate both. However, strategic planning is analytical in nature (i.e., it involves "finding the dots"); strategy formation itself involves synthesis (i.e., "connecting the dots") via strategic thinking. As such, strategic planning occurs around the strategy formation activity.<sup>[1]</sup>

Strategic planning can be used in Project Management that focuses on the development of standard methodology that is repeatable and will result to high chances of achieving project objectives. This requires a lot of thinking process and interaction among stakeholders. Strategic planning in project Management provides an organization the framework and consistency of action. In addition, it ensures communication of overall goals and understanding roles of teams or individual to achieve them. The commitment of top management must be evident throughout the process to reduce resistance to change, ensure acceptance, and avoid common pitfalls. It is worth noting that Strategic Planning does not guarantee success but will help improve likelihood of success of an organization.

1.-figure. Strategic plan process



Although strategic planning in the business world can be traced back much earlier, its extended use started after the Second World War. During the 1960s, it became a standard management tool in all big and in many small companies and began to be included in the curricula of all respectable business schools. Since then, the strategic planning approach has been the subject of many theories and gone through different fashions. At least two interrelated important evolutions, as compared to the original military-rooted concept, are worth mentioning here. First, it was gradually realized that, at least in complex enterprises, strategic planning should not only take place at the executive level but that it should also be undertaken at the different levels and functions within the organization. Every manager is a strategy maker and strategy implementer for the area which he/she has authority over and supervises. Second, it also became clear that in order to increase the chances of successful implementation, the preparation of a strategic plan could not be left to external consultants or even internal planning units alone. Unless those in charge of implementation identify with what is being proposed, plans tend to become paper exercises. A good plan will take into consideration the whole organization or management unit and, therefore, all staff should be involved in its preparation in one way or another

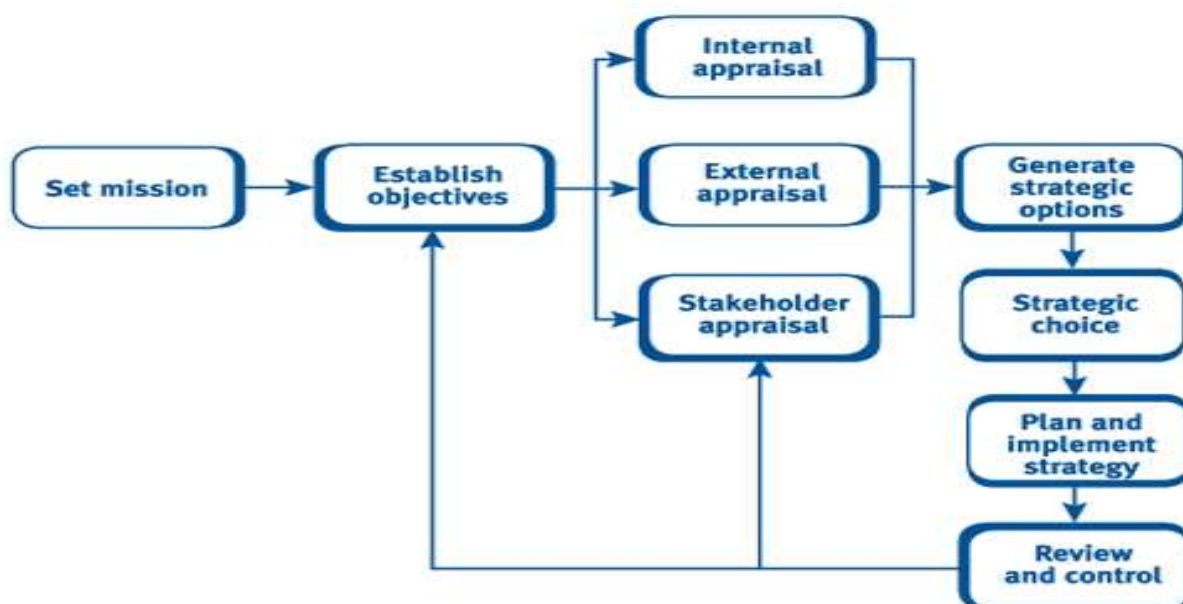
Strategic planning is the art of creating specific business strategies, implementing them, and evaluating the results of executing the plan, in regard to a company's overall long-term goals or desires. It is a concept that

focuses on integrating various departments. The term strategic planning is essentially synonymous with strategic management.

The concept of strategic planning originally became popular in the 1950s and 1960s, and enjoyed favor in the corporate world up until the 1980s, when it somewhat fell out of favor. However, enthusiasm for strategic business planning was revived in the 1990s and strategic planning remains relevant in modern business. The strategic planning process requires considerable thought and planning on the part of a company's upper-level management. Before settling on a plan of action and then determining how to strategically implement it, executives may consider many possible options. In the end, a company's management will, hopefully, settle on a strategy that is most likely to produce positive results (usually defined as improving the company's bottom line) and that can be executed in a cost-efficient manner with a high likelihood of success, while avoiding undue financial risk.

The development and execution of strategic planning are typically viewed as consisting of being performed in three critical steps:

2-figure. Strategic planning process



In the process of formulating a strategy, a company will first assess its current situation by performing an internal and external audit. The purpose of this is to help identify the organization's strengths and weaknesses, as well as opportunities and threats.

Business strategies have long-term effects on organizational success. Only upper management executives are usually authorized to assign the resources necessary for their implementation.

After a strategy is formulated, the company needs to establish specific targets or goals related to putting the strategy into action, and allocate resources for the strategy's execution. The success of the implementation stage is often determined by how good a job upper management does in regard to clearly communicating the chosen strategy throughout the company and getting all of its employees to "buy into" the desire to put the strategy into action.

Effective strategy implementation involves developing a solid structure, or framework, for implementing the strategy, maximizing the utilization of relevant resources, and redirecting marketing efforts in line with the strategy's goals and objectives.

Any savvy business person knows that success today does not guarantee success tomorrow. As such, it is important for managers to evaluate the performance of a chosen strategy after the implementation phase.

Strategy evaluation involves three crucial activities: reviewing the internal and external factors affecting the implementation of the strategy, measuring performance, and taking corrective steps to make the strategy more effective. For example, after implementing a strategy to improve customer service, a company may discover that it needs to adopt a new customer relationship management (CRM) software program in order to attain the desired improvements in customer relations.

All three steps in strategic planning occur within three hierarchical levels: upper management, middle management, and operational levels. Thus, it is imperative to foster communication and interaction among employees and managers at all levels, so as to help the firm to operate as a more functional and effective team.

Today, 28949 small businesses operate in Namangan region. We continue our analysis using the data in the table below.

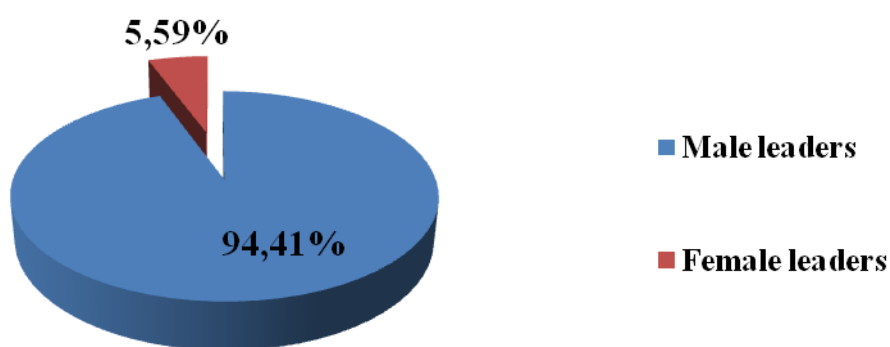
According to the table above, as of January 1, 2022, 29982 business entities were registered in the region, which is an increase of 36.1 % as of January 1, 2020. The number of active business entities also increased by 34.9 % compared to the previous year and amounted to 28949. I can see that **growth strategies have been used** here .

As of January 1, 2022, 6469 new business entities have been established using the **diversification strategy**. This is an increase of 18.8 % over the previous year.

As of January 1, 2022, the number of liquidated businesses amounted to 3860, an increase of 183.8 % compared to the previous 2020. Here it can be seen that **contraction strategies** have been used.

Businesses in our region are managed by thousands of executives. There are 1619 female enterprises and micro-firms under male managers and 27330 under male managers. We represent its share in the diagram below.

Figure 3. Gender structure indicator in small business.



From the diagram above, it is clear that in business management, female leaders are almost 17 times less than male leaders. From this it can be concluded that the composition of women in entrepreneurship is low, which indicates the need to employ new women, to create new jobs for them. So, we think that further expansion of the ranks of women in entrepreneurial activities would serve to increase their employment and further increase their activity in society. Under the leadership of managers, businesses are developing a variety of products and providing services. We analyze the volume indicators of products and services using the data in the table below.

Table 1

Indicators of production of industrial goods by small businesses in Namangan region

*(Billion sum)*

№	Indicators	2019	2020	2021	The rate of change, the ratio of 2021 to 2019, in %
1.	O Manufacture of food products	1281.4	1 528.7	1763.3	137.6
2.	Drinks production	196.5	2 30.0	256.0	130.3
3.	Textile production of products	689.8	787.5	1001.1	145.1
4.	Clothes production	826.1	777.1	906.0	109.7
5.	Teri and production of related products	200.0	191.3	201.0	100.5
6.	Wood and the manufacture of foam items (other than furniture), po x ol and items from weaving materials	25.5	29.6	31.0	121.6
7.	Paper and paper production	35.9	57.3	87.2	242.9
8.	Written publishing and displaying materials	67.6	15.5	26.0	38.5
9.	Coke and the production of oil refining products	7.7	9.6	11.9	154.5
10.	Chemistry production of products	80.5	94.8	103.3	128.3
11.	Basic manufacture of pharmaceutical products and drugs	8.4	20.9	35.6	423.8
12.	Rubber and the manufacture of plastic products	142.5	154.6	196.7	138.0
13.	Other production of mirrored mineral products	341.6	478.8	505.4	148.0
14.	Metallurgy industry	92.1	58.1	72.1	78.3
15.	Machine and production of finished metal products in addition to equipment	111.2	121.8	136.6	122.8
16.	Manufacture of computers, electronic and optical products	77.2	6.2	26.6	34.5
17.	Electricity equipment manufacturing	39.1	93.6	163.1	417.1
18.	Motor transport manufacture of vehicles, trailers and semi-trailers	21.4	18.6	20.3	94.9
19.	Other production of transport sparks	0.7	1.6	1.9	271.4

20	Furniture production	14 6.0	14 4.0	207.1	141.8
21	Manufacture of other finished products	168.0	208.8	231.1	137.6
22	Machine and equipment repair and installation	11.6	14.8	18.8	162.1
23	Production of other types of products	369.1	384.1	1172.2	317.6
	<b>All</b>	<b>5002.7</b>	<b>5471.3</b>	<b>7174.3</b>	<b>143.4</b>

Source: Based on data from the regional statistics department, developed by the author.

According to the table, Namangan region produced 7174.3 billion soums of industrial products in 2021, which is 43.4 % more than in 2019, and shows the effective use of *growth strategies* and *diversification strategies*. Significant changes in dynamic growth were observed in the production of paper and paper products, basic pharmaceutical products and drugs, electrical equipment, transport sparks. However, the production and display of written materials, the metallurgical industry, the production of computers, electronic and optical products, the production of vehicles, trailers and semi-trailers decreased in 2021 compared to the previous 2019. Due to interruptions in the supply process, production capacity has declined. A *reduction strategy* can be seen in these directions.

The volatility of the business environment causes many firms to adopt reactive strategies rather than proactive ones. However, reactive strategies are typically only viable for the short-term, even though they may require spending a significant amount of resources and time to execute. Strategic planning helps firms prepare proactively and address issues with a more long-term view. They enable a company to initiate influence instead of just responding to situations.

Among the primary benefits derived from strategic planning are the following:

1. Helps formulate better strategies using a logical, systematic approach

This is often the most important benefit. Some studies show that the strategic planning process itself makes a significant contribution to improving a company's overall performance, regardless of the success of a specific strategy.

2. Enhanced communication between employers and employees

Communication is crucial to the success of the strategic planning process. It is initiated through participation and dialogue among the managers and employees, which shows their commitment to achieving organizational goals.

Strategic planning also helps managers and employees show commitment to the organization's goals. This is because they know what the company is doing and the reasons behind it. Strategic planning makes organizational goals and objectives real, and employees can more readily understand the relationship between their performance, the company's success, and compensation. As a result, both employees and managers tend to become more innovative and creative, which fosters further growth of the company.

3. Empowers individuals working in the organization

The increased dialogue and communication across all stages of the process strengthens employees' sense of effectiveness and importance in the company's overall success. For this reason, it is important for companies to decentralize the strategic planning process by involving lower-level managers and employees throughout the organization. A good example is that of the Walt Disney Co., which dissolved its separate strategic planning department, in favor of assigning the planning roles to individual Disney business divisions.

An increasing number of companies use strategic planning to formulate and implement effective decisions. While planning requires a significant amount of time, effort, and money, a well-thought-out strategic plan efficiently fosters company growth, goal achievement, and employee satisfaction.

Figure 4. Strategic development and managing strategic change.



## Conclusions

The strategic planning approach, which is supposed to remedy the above-mentioned shortcomings, can be defined as follows: A management tool to help an organization to improve its performance by ensuring that its members are working to the same goals and by continuously adjusting the direction of the organization to the changing environment on the basis of results obtained. In line with this definition, some key characteristics of a strategic planning approach are worth highlighting.

1. Strategic planning is guided by an overall sense of direction Strategic planning is not just a cold technical undertaking that spells out future objectives to be reached and actions to be taken. It needs a global sense of purpose and direction capable of guiding implementers in making everyday choices about what actions should be taken in order to produce the expected results. Handbooks on strategic planning usually recommend starting with the formulation of a mission and a vision statement (Kaufman and Herman, 1991).
2. Strategic planning is sensitive to the environment Strategic planning is based on the belief that the successful development of an organization is the result of finding the right fit between its internal strengths and weaknesses and the external opportunities and threats stemming from the environment. The main assumption is that, in order to be effective, organizations must be responsive to their environment, which is continuously changing.
3. Strategic planning is result-oriented Monitoring traditional plan implementation has been mainly concerned with making sure that the necessary inputs are being provided as foreseen and that the different activities are being carried out as scheduled.
4. Strategic planning is a mobilization instrument Strategic planning cannot succeed without the commitment of the plan implementers and the different stakeholders. Commitment can only be obtained if people identify with the plan, so that they are motivated to produce the expected results. Strategic planning should

therefore not be carried out in isolation by experts alone, but rather as an inclusive process in which the implementers and stakeholders are actively involved in one way or another. If organized in a participatory way, the preparation of a strategic plan in itself becomes a learning experience. It creates a privileged moment for opening new lines of communication and dialogue, for promoting understanding and ownership of what is being planned for and disseminating a spirit of strategic thinking throughout the whole organization. It should be realized at the same time that it is much more complex and time consuming to prepare an education sector plan in a participatory way than to do it in the traditional technocratic way, which explains why certain countries still prefer to do it the technocratic way.

#### 5. Strategic planning is flexible in its implementation

Strategic planning is based on the belief that no neat, final plan can be prepared, simply because situations have become too complex and environments too unpredictable, and because it is impossible to foresee every possible consequence of future decisions that will be made. An essential characteristic of strategic planning is, therefore, to proceed by 'intelligent trial and error' rather than by linear adherence to a detailed, polished plan document. A strategic medium-term plan should lay out the final goal and the general path to be followed, rather than the precise steps to be taken to reach that goal.

Table 2

Blueprint contrasts between traditional and strategic planning

TRADITIONAL PLANNING	STRATEGIC PLANNING
Input-oriented	Result-oriented
Technocratic	Participatory
Neutral	Mobilization instrument
Linear planning	Iterative planning
Rigid implementation	Flexible implementation
Routine-based	Change-oriented
Compliance monitoring	Performance monitoring
Emphasis on the plan document	Emphasis on plan implementation

Source: Author's development based on research sources.

Table 1 summarizes some of the major differences between the traditional planning approach, which was commonly practiced in the education sector until the late 1990s, and the more recent strategic planning approach adopted in an increasing number of countries. In reality, the differences are often less clear-cut, and many plans that claim to be strategic have kept several characteristics of the traditional planning approach which has prevailed for so long. Indeed, adopting a strategic planning approach is not just a technical move. It implies a more fundamental challenge of building up a new management culture based on the values of participatory decision-making, accountability and openness for change. This is a process which needs time to produce results, particularly in countries in which some of the most basic conditions for an efficient public service system are simply not fulfilled.

Strategic planning serves a variety of purposes in organizations, including to:

- clearly define the purpose of the organization and to establish realistic goals and objectives consistent with that mission in a defined time frame within the organization's capacity for implementation.
- communicate those goals and objectives to the organization's constituents.
- develop a sense of ownership of the plan.

-ensure the most effective use is made of the organization's resources by focusing the resources on the key priorities.

-provide a base from which progress can be measured and establish a mechanism for informed change when needed.

-listen to everyone's opinions in order to build consensus about where the organization is going.

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