SYNERGISTIC APPROACHES TO STRATEGIC MANAGEMENT: MODELS AND IMPACT ON THE PERFORMANCE OF ORGANIZATIONS

1 Introduction

In the modern world, where market conditions are constantly changing and competition is becoming increasingly global, strategic management of organizations is becoming a crucial factor in their success and sustainable development. The present academic paper examines synergistic approaches to strategic management, which combine theoretical and practical aspects of interaction between different parts of the organization for achieving optimal results.

Synergetics, as a scientific discipline, studies the processes of self-organization in complex systems. It offers a new perspective on management processes, emphasizing the need for a harmonious combination of various elements of the system to achieve a higher level of organizational efficiency. In the context of strategic management, synergy opens up new opportunities for optimizing management decisions that ensure the integration of the organization’s internal capacities with its external environment.

The present academic paper explores various models of synergistic management, identifies their key features and implementation mechanisms, and analyzes the impact of these approaches on organizational performance. The objective is to identify how synergistic approaches can contribute to the effectiveness of strategic management, adaptation to changes in the external environment, and sustainable development of organizations. Given the dynamic nature of the market environment, this approach is especially relevant for modern managers and theorists in the field of economics and management.

The purpose of the proposed research is to theoretically analyze synergistic models for strategic management and their impact on the performance of organizations.

2 The analytical review of the literature on the research topic

In the field of synergistic approaches to strategic management, significant contributions have been made by researchers who have considered various aspects of this topic. The scientific work of S. O. Ajibolade and O. S. Sankay (2013) focuses on the study of the synergistic effect between working capital management and financing decisions, demonstrating their joint impact on corporate profitability.

The issue of synergy in the context of the “green” economy is covered by Akyemenko O., Petrovskaya A. and Zhlobetska M. (2017). The authors’ analysis of the synergistic approach to implementing the strategic priorities of the green economy points to significant opportunities for achieving sustainable development.

The study by Ali, Wu, & Ali (2023) examines the integration of sustainable strategic decisions in UC companies. M. Bobrek and M. Sokovic (2006) investigate the concept of integration and synergistic effect in modern management. Their scientific work emphasizes the need for a harmonious combination of various elements of the management system for improving its efficiency.

E. Barova, S. Grishunin, and S. Suloeva (2021) developed a system-synergistic approach to managing expenses for high-tech industrial enterprises. Their research shows how innovative management strategies can contribute to sustainable development and economic efficiency. S. Chatterjee (1986) focuses on the types of synergies and their economic value, analyzing the impact of mergers and acquisitions on competing and merged companies. Its analysis is crucial for understanding strategic financial decisions in the context of corporate governance.

S. V. Chuprov (2015) studies the management of industrial stability and development in the context of the synergistic paradigm. This exploration makes a significant contribution to the understanding of management processes in complex industrial systems.

A. Čirjevskis (2023) offers a valuable analysis of competency-based synergies in the merger process, with a special focus on the IT and global cosmetics industries. His research emphasizes the importance of synergies for successful integration and competence management in the context of international corporate mergers.

A. M. Dejanović, S. T. Nikolić, and J. Stanković (2015) developed an integral model of strategic management that focuses on identifying potential synergies. Their approach includes a comprehensive analysis of the interaction of various aspects of organizational structure and strategy. I. Fadyeveya and L. Horal (2014) focus on applying modern modeling in the strategic management system of oil and gas companies. Their study opens up new opportunities for the use of complex analytical tools in this area.
L. M. Gaisina, O. M. Barbakov, Yu. I. Koltunova, E. V. Shakirova, & E. G. Kostyleva (2017) propose a model of social management based on a synergistic approach, exploring the methods and fundamentals of its implementation. This scientific work demonstrates the importance of synergies in the social aspect of management.

S. Garzella and P. Fiorentino (2017) analyze the value of synergy and its role in strategic management. Their exploration is a significant contribution to understanding how synergies can be used to increase the value of companies. J. Hagedoorn and G. Duysters (2002) study the impact of mergers and acquisitions on the technological efficiency of companies in a high-tech environment. Their findings are essential for understanding the impact of corporate strategies on the innovation potential of enterprises.

M. Holubčík, J. Soviár, and V. Lendel (2022) consider synergies in cooperation as a key to sustainable business strategy management. Their study emphasizes the importance of an integrated approach to strategic planning and management. S. Jia-Sheng (2006) conducted a study of the synergistic model of management for manufacturing enterprises. This approach demonstrates how integrated management can help improve the efficiency and competitiveness of manufacturing enterprises. K. Kalaiselvan and K. P. Naachimuthu (2011) propose a synergistic model of learning and development. Their research emphasizes the significance of an integrated approach to corporate training for ensuring effective staff development.

L. Karpenko, O. Zhylin ska, D. Metyrenko, N. Poprozman, and V. Koltun (2020) explore synergistic management tools to ensure the economic security of an enterprise. Their analysis indicates the need to integrate various elements of the management system to ensure the sustainability of the organization.

M. Kaur, K. Singh, and I. Singh Ahuja (2012) evaluate the synergy in the implementation of TQM (Total Quality Management) and TPM (Total Productive Maintenance) paradigms on business productivity. Their research demonstrates the importance of an integrated approach to quality and service management to improve overall enterprise productivity. Moreover, M. Kaur, K. Singh, and D. Singh (2019) analyze the synergistic success factors of Total Quality Management (TQM) and Supply Chain Management (SCM). Their scientific work considers how the integration of these approaches can improve overall quality management and supply chain performance.

L. K. Koo and H. Koo (2007) propose a holistic approach to diagnosing, prioritizing, implementing and monitoring effective strategies through a synergistic combination of SWOT, Balanced Scorecard and QFD. Their research demonstrates the relevance of integrated planning to the development of management strategies.

I. Kosach (2017) studies the monitoring of the synergistic potential of public-private partnerships in the system of strategic management of integration processes in the agricultural sector. This study reveals new aspects of interaction between the state and the private sector.

J. Lee and H. B. Kwon (2023) analyze the synergistic effect of R&D and exports on productivity in the US manufacturing industries, comparing high-tech and low-tech segments. Their publication emphasizes the importance of integrating studies and foreign economic activity.

S. H. Li and R. Greenwood (2004) study the impact of intra-industry diversification on the company’s productivity, focusing on the creation of synergies, multidimensional contact and market structure. Their findings demonstrate the importance of synergy in the context of strategic management.

N. N. Lychkina (2016) considers synergies and development processes in social-economic systems, striving to find effective constructs for modeling. Her research makes a significant contribution to the theoretical understanding of synergies in a social-economic context.

E. Orlova (2019) develops a synergistic synthesis of mechanisms and models for coordinated management in the production and economic system. This study opens up new horizons for managing production processes through the integration of different management approaches. K. F. Pun (2004) proposes a conceptual model of synergy of strategic formulation for production. His approach emphasizes the importance of integrating various strategic elements to achieve optimal results.

J. Rowley (2002) discusses synergies and strategy in e-business, emphasizing the importance of an integrated approach to marketing and management in the digital environment. O. A. Shevchuk (2018) develops a system-synergistic approach to ensuring the dynamic stability of enterprises based on business leadership. This exploration emphasizes the relevance of leadership and managerial innovation in today’s business environment.

The studies outlined demonstrate the depth and versatility of approaches to exploring synergies in strategic management, demonstrating their significance for the development of effective strategies in various sectors of the economy. E. V. Shirkinka and R. Romansky (2020) focus on assessing the synergistic efficiency of industrial companies’ reengineering processes. Their research is crucial for understanding the impact of optimizing business processes on overall productivity.

M. Shujahat, S. Hussain, S. Javed, M. Malik, R. Thurasamy, & J. Ali (2017) present a model of strategic management through the prism of knowledge management and competitive intelligence. This is a comprehensive approach that includes various aspects of strategic analysis. M. L. Sturower (1997) raises the issue of the “synergy trap”, analyzing how companies can lose in the game of mergers and acquisitions. His scientific work is important for understanding the risks related to corporate mergers. L. M. Stan (2017) explores the “Synergistic Economy”, highlighting approaches to synergistic economic networks and systems. This publication makes a fresh contribution to the theory of economic synergies.

M.A. Ta’Amnha, I.K. Magableh, M. Asad, & S. Al-Qudah (2023) investigate open innovation as the missing link between the synergistic effect of entrepreneurial orientation and knowledge management on the performance level of product innovation. Their research shows the importance of integrating approaches to innovation. J. A. Weber and U. M. Dholakia (2000) offer a step-by-step approach to incorporating marketing synergies into merger and acquisition analysis. This study reveals the significance of integrating marketing strategies in the process of corporate mergers.

Yu, Wu, S. Gu, Z. Tu, and Z. Zhang (2022) perform a systematic dynamic analysis of the synergistic process of innovation between industry, universities, and research institutes based on knowledge flows. Their research emphasizes the importance of synergies between different sectors for innovation. S. X. Zeng, J. J. Shi, and G. X. Lou (2007) present a synergistic model for implementing an integrated management system. Their empirical work in China points to the effectiveness of integrating different management systems to improve organizational performance.

These studies cover a wide range of issues related to synergies in the context of strategic management, showing how these approaches can be applied to increase the efficiency and innovation potential of organizations. However, it is impossible to ignore the existence of several “white spots” in the materials under analysis. For instance, many studies focus on generalized models of synergistic management without taking into account the uniqueness of organizational structures and cultures. In addition, there is often a gap between theoretical concepts and their practical application, and, therefore, more studies are
required on the practical aspects of implementing synergistic strategies and the challenges that may arise in this process.

It should also be noted that innovations in synergy often do not receive sufficient attention. It is important to investigate how modern innovative approaches can be integrated into synergistic management to increase its effectiveness. Finally, most studies focus on the internal processes of the organization, while the interaction with the external environment, especially in the context of globalization and technological change, is often not considered.

3 Methodology

The systematic approach is used in this research to generalize the conceptual and categorical apparatus of the theory of strategic management. In addition, such general scientific research methods as analysis and synthesis are applied. The analysis makes it possible to analyze individual synergistic models of strategic management, identify their shortcomings and benefits, and find out in which context a particular model is the most effective. The synthesis enables to combine the ideas behind particular synergistic models of strategic management for their better understanding, criticism and development.

4 Results

4.1 The concept of synergistic models of management

Synergies, in the context of strategic management, is an important and increasingly relevant area of the research. It combines various aspects of organizational management, striving to achieve integrity and optimization in the face of complexity and uncertainty in the modern business environment.

The synergistic model of strategic management is a conceptual scheme for managing an organization that is focused on creating added value through optimizing interactions and integrating various aspects of resources and activities. This involves combining resources, competencies, technologies and processes in such a way that the overall effect of their use exceeds the sum of the effects of their individual application. The main goal of this approach is to maximize the efficiency and competitiveness of the organization by leveraging synergies between different departments and functions. Modern models of synergistic management focus on integrating different aspects of organizational life to create an interaction that brings more value than just the sum of its parts.

Synergistic models of strategic management differ from other models by their unique approach to using the organization’s resources and competencies. They are focused on creating added value by optimizing interactions between different parts of the business. This is achieved by integrating, coordinating, and combining resources and processes in a manner that makes the overall result greater than the sum of individual contributions. For instance, synergistic models can include sharing knowledge, technologies, and market opportunities between different divisions of a company, thereby creating a competitive advantage (Savytska et al., 2021).

These models are also characterized by their inherent flexibility and adaptability, which allows organizations to respond quickly to changes in the external environment. They differ from traditional approaches, which often focus on stability and efficiency through standardization and control.

4.2 Modern synergistic models of strategic management:

a comparative analysis

Below, we will consider several key synergistic models for strategic management and compare them.

11C Synergy Model, developed by TIAS Business School, is an innovative approach to organizing synergies in companies, especially those consisting of many business units. The model challenges the common assumption that synergies are achieved exclusively through centralization and points to the need to consider different ways of organizing synergistic interaction.

The central element of this model is the idea that synergies can be created not only through centralization but also through various forms of interaction between units. The major areas include concentrating resources and activities into a single organizational unit, coordinating the efforts of different departments to achieve common goals, and creating coalitions or temporary teams to implement specific projects.

Understanding who is responsible for creating synergies is also an important feature of this model. This can be either an initiative from the top of the corporate center or horizontal cooperation between departments. Such an approach makes it possible to create a more flexible and adaptive management system that can effectively respond to the company’s external challenges and internal needs.

The 11C Synergy model demonstrates that the organization of synergies is not only a matter of structural organization but also a process of searching for the optimal balance between centralization and decentralization, formal control and horizontal cooperation, which ensures flexibility and adaptability in strategic management.

The Ansoff model focuses on four main strategies: market penetration, market development, product development, and diversification. Each of these strategies can be interpreted as a way to achieve synergy. For instance, a market penetration can create synergies by optimizing the use of existing resources and distribution channels while product development can stimulate innovation and collaboration within the company.

Market development, on the other hand, can open up new opportunities for synergies by attracting new customer segments or entering new geographic markets, allowing the company to better utilize its current competencies and assets. Diversification is arguably the most ambitious strategy in terms of synergies since it involves going beyond existing products and markets, thus, stimulating innovation and searching for new opportunities for growth.

By using the Ansoff model in the context of synergistic strategic management, the company’s management can systematically evaluate and select strategies that are not only aimed at growth and expansion but also at creating additional value through an effective combination of internal and external resources and capabilities.

The McKinsey 7S model, as a synergistic model of strategic management, is used to analyze and improve various aspects of the organization. It covers seven key elements: structure, strategy, systems, shared values, skills, style, and people. The model helps companies identify how internal factors interact with each other and how these interactions can be optimized to improve overall performance and achieve strategic goals.

The “hard” elements in the McKinsey 7S model, such as structure, strategy, and systems, reflect the more formal and easily identifiable aspects of the company. The structure indicates the organizational hierarchy and distribution of responsibilities, the strategy defines the overall direction and goals, and the systems reflect internal processes and methods of work.

The “soft” elements, including shared values, skills, style, and personnel, are more subjective and often harder to change. These
include the corporate culture and values that guide employees’ behavior, the skills and competencies of the team, the leadership style and approach to management, and the composition and development of the workforce.

The 7S model is considered synergistic because it focuses on the interaction between different elements that jointly determine the overall effectiveness and productivity of an organization. This model helps managers understand how changes in one area can affect others, and how harmonizing these elements can lead to improved overall performance and synergies in strategic management.

4.3 Comparison of synergistic management models

Next, we will try to compare the synergistic models of strategic management identified in the previous section. For this purpose, we believe that the following criteria should be used:

- focus and purpose (what is the main direction and goal of the model?);
- flexibility and adaptability (how adaptable is the model to different types of organizations and situations?)
- ease of use (how difficult is the model to use?)
- advantages and disadvantages (what are the benefits and drawbacks of each model?)
- optimality and context of use (in what context is each model most effective?).

The 11C Synergy model, developed as part of strategic management research, offers a comprehensive approach to organizing and identifying corporate synergies. The main distinguishing feature of this model is its high flexibility and adaptability, which provides a variety of methods for organizing synergies depending on the unique needs and conditions of each organization.

Although highly adaptable, the 11C model can be difficult to understand and use, especially without deep expertise in the area of corporate governance and strategic planning. One of the main difficulties in applying this paradigm is balancing the several synergy components, resulting in the need for thorough preparation and analysis.

The advantages of the 11C Synergy model include its flexibility in approaches to creating synergies, which allows companies to respond effectively to changing conditions and challenges. At the same time, the high complexity of implementation is its weakness, especially in large and complex corporate structures.

In general, the 11C Synergy model is most effective in the context of large, diversified corporations where there is a need for in-depth analysis and integration of various business functions and departments. It provides a strategic framework for designing and implementing synergistic initiatives that can improve the efficiency and competitiveness of organizations in a complex business environment.

The Ansoff model, in the context of analyzing strategic management, is a strategic tool that helps determine the direction and purpose of company growth. The model focuses on choosing the best strategies for expanding the company’s activities, taking into account both the current state of the market and the opportunities for product development.

The model demonstrates moderate flexibility and adaptability since its effectiveness depends on the specifics of the business and market conditions. This means that the model may be more or less applicable depending on the specific case, for example, depending on the market situation or the company’s development stage.

The Ansoff model is regarded as being relatively simple to comprehend and use in terms of complexity. This makes it accessible to a wide range of companies, regardless of their size and resources. However, one of the limitations of the model is that it may not take into account all internal aspects of the organization, such as corporate culture or internal processes.

In terms of strengths and weaknesses, the main advantage of the model is its clarity and comprehensibility in strategic planning. This enables managers to focus on specific areas for business development. However, its shortcoming is its relative limitations in considering the internal factors of the organization.

In general, the Ansoff model is considered effective for companies seeking to identify ways to grow and expand, especially in the context of market development and new product development. Its simplicity and straightforwardness make the model valuable for strategic planning in various business contexts.

The McKinsey 7S Strategic Management Model is an effective tool for analyzing an organization and developing a strategy. It helps understand the interrelation between the seven S’s (structure, systems, strategy, skills, leadership style, system of values, staff) in order to achieve harmony and successful implementation of the organization’s strategy. The model can be adapted to different types of organizations and situations due to its focus on internal factors. Although it is not extremely complicated, its effective use requires a deep understanding of each of the “S” components and the ability to analyze their interaction.

The advantages of the model include the ability to determine which aspects of the organization should be adjusted to achieve the strategic goal, taking into account internal harmony and applicability across industries. However, weaknesses may include the lack of consideration of the external environment and the complexity of implementation. The model is most effectively used in the internal analysis of an organization when it is necessary to understand which aspects of the internal structure and culture can support or hinder the implementation of the strategy.

4.4 Evaluation of challenges and obstacles to synergistic management

Challenges and obstacles to synergistic management in the context of strategic management of organizations are significant and require special attention. The first of them is systemicity and complexity. Synergistic management requires considering the organization as a system with numerous interconnections, which can be a difficult task.

The lack of knowledge and skills in the team is the second challenge. Implementation of synergistic approaches requires specialized knowledge in system analysis and system thinking. The lack of such competencies can be an obstacle to successful implementation.

The third challenge is resistance to change among staff and old management practices. Synergistic management may require a change in the organization’s approach and culture, which may cause resistance and difficulties in the implementation process.

In addition to the challenges, there are particular obstacles to consider. The first of them is the consistent implementation of synergistic approaches. After all, introducing them only once or periodically may not lead to the desired results since synergistic management requires a systematic and continuous approach.

The second obstacle is financial constraints. Implementation of synergistic approaches may require additional financial resources for staff training and infrastructure, which can be a challenge in a budget constrained environment.

Finally, the lack of support from senior management is the third major obstacle. An initiative to implement synergistic management should have active support on the part of the
Discussions on synergistic models of strategic management often focus on the dilemma between universal standards and individual adaptation. Supporters of standardization emphasize the significance of consistency and predictability in management processes. Meanwhile, those in favor of individualization emphasize the need for flexibility and adaptation of strategies to specific circumstances. Integrating the two methods in order to create a balanced and successful management strategy that considers both the particulars of each circumstance and standardized principles is a crucial component.

In the context of synergistic models of strategic management, the difference between centralizing and decentralizing management decisions is another significant topic of discussion. On the one hand, centralization can ensure greater consistency and efficiency in decision-making; however, on the other hand, it can limit opportunities for innovation and adaptation at the local level. This discussion also concerns the distribution of power and resources within the organization and affects the company's ability to quickly adapt to changes in the business environment.

As we noted above, some strategic management models, such as 11C Synergy, demonstrate effectiveness in the context of decentralized management decisions.

6 Conclusions

In the present research, we have analyzed synergistic models of strategic management, identifying a number of significant aspects and nuances that are of particular importance for modern organizations. One of the key findings is that synergistic management is superior to traditional methods due to its ability to efficiently utilize resources, creatively solve problems, and generate innovative solutions through the strategic integration of various departments and functions.

The research results also emphasize that synergistic strategies contribute to the innovation and adaptability of organizations. This is evidenced by an increase in the number of successfully implemented innovative projects and an improved response to external challenges and opportunities. At the same time, the research revealed challenges related to the implementation of synergistic strategies, including managing changes and integration between different units, which require careful planning and effective management.

Organizational culture plays an important role in the success of synergistic strategies. The culture that fosters collaboration, innovation and openness to change is crucial for the effective implementation of synergistic approaches. Moreover, cultural aspects can have a significant impact on the motivation and engagement of employees, as well as on the overall readiness of an organization to innovate and change.

From a practical perspective, the findings of this research can be used by executives and managers to develop more effective management strategies, leveraging synergies in order to achieve better results. This is especially true when it comes to increasing productivity, adapting to rapid changes in the business environment, and stimulating innovation.

Further studies should focus on a thorough analysis of the integration of innovations and management of changes in the context of synergistic management, as well as on the specific challenges that may arise when implementing these strategies in different organizational contexts. It is also important to consider the international aspect of synergistic management, in particular, in the context of globalization and international markets.

Literature:


Primary Paper Section: A

Secondary Paper Section: AE, BC