

STRATEGIC MANAGEMENT SCHOOLS AND BUSINESS NEGOTIATION STRATEGY OF COMPANY OPERATIONS



received: 17 December 2014

accepted: 10 June 2015

KĘSTUTIS PELECKIS

ABSTRACT

In order to develop a reasonable negotiation strategy, it is necessary to rely on strategic management principles and techniques. This article examines the issues on the application of strategic management theory in negotiations. The article presents an overview of strategic management science researches, are presented scientific positions on the substance of strategic management process, its structure, and prospects for studies in this area. In the article, there are examined worldwide scientific approaches to strategic management and different schools of strategic management. A survey of the key provisions of strategic management schools showed that not all of them may be useful in practice of negotiations. However, merging and adapting their individual elements for specific cases can be an excellent tool for strategic analysis of the negotiating situation, but also for development and implementation of negotiation strategy. The most applicable theories of strategic management in preparing and implementing of negotiation strategy seem to be the ones developed by the following schools: Entrepreneurial, Cognitive learning, Environmental and Power. Considering the increasing internationalization of negotiations there are important theoretical and practical concepts of strategic management culture school. This paper will provide an overview of the main theoretical perspectives on strategic management of negotiations.

KEY WORDS

strategy, negotiation, negotiation strategy, strategic management school, strategic management

DOI: 10.12846/J.EM.2015.02.04

Corresponding author:

Kęstutis Peleckis

Vilnius Gediminas Technical
University, Lithuania

e-mail: k.peleckis@vgtu.lt

INTRODUCTION

Strategic management is a set of managerial decisions and actions which determine the long-term performance of the company (Tseng, Hung, 2014; Candemi, Zalluhoglu, 2013; Asan, Soyer, 2009; Altioik, 2011; Senturk, 2012; Chou et al., 2014). One of these solutions is to determine the components of the negotiation actions. In order to manage company effectively it is vital to monitor the activities of the company and its environmental changes continuously, responding the events that require developments. Negotiating with suppliers, investors and consumers is a challenging process that requires thorough preparation and excellent knowledge about the competitive environment. The results of negotiations have a huge impact on the success of each company, so this must be taken into account when preparing its negotiation strategy. Therefore, in this article we shall overview the schools of strategic

management and their relation with negotiations.

In order to form a reasonable negotiation strategy, the basic reference must be made on strategic management principles and techniques. The starting point in formation of effective negotiating strategy is the knowledge of the basic concepts and schools of strategic management. The paper analyses the investigations conducted in the field of strategic management over the past few decades, with the emphasis of their application in preparing negotiation strategy and its implementation. Reviewing the history of strategic management it can be seen that the subject of scientific study over the past few decades, evolved from strategic goals of small companies towards large corporate targets. The increasing globalization has also impact on negotiations, as performance of company is less restricted by barriers of geographical distance.

In particular, it was revealed by Mintzberg, who described ten schools of strategic management presenting various viewpoints on methods and techniques of strategic management. The overview of literature has shown the lack of research on application of strategic management theories and concepts in negotiations. The object of paper is strategic management in negotiations. The purpose of this paper is a comparative analysis of world literature on applicability of strategic management in negotiations. Research methods, include systematic analysis of scientific literature, comparative analysis, logical analysis, critical literature review.

While analyzing scientific researches of strategic management issues, the following scientists can be noted: Molina-Azorín (2014), Mintzberg et al. (2003), Rialp-Criado et al. (2010), Hijji (2014); Vasiliauskas (2004), Guerras-Martín et al. (2014), Pricop (2012), Martinet (2010), Morita et al. (2011), Colovic (2012), Nixon and Burns (2012), Modell (2014), Hatif et al. (2012), Uygun and Altın (2011), Tseng and Hung (2014), Okumus (2010), Kwon (2012), Chou et al. (2014), Bitmiş and Ergeneli (2011), Ackermann and Eden (2011), Luo et al. (2011), Erdil (2013), Çınar and Karcioğlu (2013), Kuosa (2011) and others. In order to reveal applicability of strategic management theories and concepts in negotiations it is appropriate to review the development of strategic management researches, to present scientific results in this field and to give forecast of current research perspectives.

1. THE CONCEPT OF STRATEGIC MANAGEMENT

Strategic management research topics have been developed in the 5-6 decades of 20th century - moving from the research of financial planning in the 50's to globalization and learning organizations today. In the 60's, strategic management dealt with business planning and formalization of the planning process (Jofre, 2011). At 70's market positioning has become a major problem facing companies with expertise in growing economy – the research and theories mostly focused on market's dynamics (Tseng, Hung, 2014; Jofre, 2011). Next decade, attention has been addressed on acquiring resources, their development analysis and enterprise skills, as well as focused on different problems of competitive advantage. After 2000 year strategic management focused on the new coming economy, based on the growth of knowledge and the role of communication in business. Therefore, the interest has arisen in new themes - innovation and technological changes (Ackermann, Eden, 2011).

Today (Tseng, Hung, 2014; French, 2009), it is proposed to focus on the very essence of globalization where such topics as business ethics, standardization of the international market, global strategy are relevant. Within the strategic management as a field of study and practice, attention changed from specific internal problems of companies to wide (complex) system dynamics outside the organization (Ackermann, Eden, 2011).

Strategic management has been proposed in the 80's in Pittsburgh conference, which was organized with a specific purpose - to define business policy paradigm (French, 2009; Jofre, 2011). Business policy concept was reframed as a strategic management and was defined as (Jofre, 2011, 49 p.): "... a process that is linked to the organization's entrepreneurial activity is innovating and growing, and more is associated with the development and implementation of the strategy, which is the activity guide of organization". This brief description defines that the discipline of strategic management implies both strategy development as well as implementation. The scientific literature includes a variety of definitions of strategic management:

- strategic management is a process of analysis where strengths, weaknesses, opportunities of an organisation and its threats are used to develop its mission, goals and objectives" (Çınar, Karcioğlu, 2013, p. 837),
- strategic management is disciplined effort to produce fundamental decisions and actions that shape and guide: what is an organization, what it does, and why it does it? (Rokoei et al, 2011, p. 175),
- notes that strategic management is understood in most general sense, is related to the organization – teamwork uniting the team, with its own goals and means to achieve those objectives (Vasiliauskas, 2004),
- strategic management is the ongoing process concerned with the identification of strategic goals, vision, mission and objectives of an organization along with an analysis of its current situation, development appropriate strategies, putting these strategies into action, and evaluating, modifying or changing these strategies up to demand (Hijji, 2014, p. 10),
- strategic management is the concept of enterprise management ability to manoeuvre properly the forces acting between the environment and the strength with which it competes. This manoeuvring requires the investments into competitive techniques of management which can produce the maximum financial benefits to the enterprise. Companies are winning or losing depending on their ability to manage companies development process (Senturk, 2012, p. 12).

In light of these definitions of strategic management it can be stated, that strategic management is an ongoing development and implementation of strategic plan, which is carried out by subject, using available resources, in order to influence the organization to adapt to changes of the environment, which is a key factor in the existence of the organization.

Reviewing the history of strategic management research, it can be noted that the scientific interest of the authors varied from small businesses to broad problems going out of organization boards. The researches were also influenced by the increasing globalization of the world, when the company's activities were less restricted by distance barriers. While analysing scientific literature, it can be seen that the definitions of strategic management have similar points of views. In terms of business negotiations, it should be stressed that the company's negotiation strategies can not intersect with the company's strategy.

In the negotiations, it is difficult to make strategic decisions in advance, because of external context and turbulent changes in the environment – they usually emerge in the course of negotiating. However, it is possible to prepare in advance alternatives for strategic decisions, tactics, alternative and complementary negotiating steps by providing for possible future situations and thus to be prepared for possible challenges in negotiations. The heads of organizations are taking part in strategic management of organization, creating alternatives for strategic decisions in order to adapt to the competitive environment. They also participate in defining the mission and goals of organization, make internal and external analysis, research competitors, allocate resources, and so on. It is particularly important for organizations, where the negotiating activity takes an important position, so the inclusion of negotiators in strategic management of organization, can provide useful insights, because they have the chance to see the dynamic changes in the market, actions of competitors. Next section will include the review of strategic management schools and their relation with the negotiation activity.

2. APPROACHES TO STRATEGIC MANAGEMENT SCHOOLS AND THEIR APPLICATION IN THE NEGOTIATIONS

This chapter will include the review of the concepts of strategic management schools and their application to the creation and implementation of negotiation

strategy. Mintzberg studies enable to see the strategic management process from ten different angles of views. His work was prolonged by Jofre (2011), who provided those approaches in the current and future perspectives. Strategic management process in the company is based on its management and staff perspective to the company's vision, mission and long-term goals, operational plans, constant adjustment to its strategic objectives. On the basis of research made by Mintzberg et al. (2003), it can be stated that strategic management and strategic thinking are two different processes. Mintzberg et al. (2003) suggest that strategic management theory and practice are focused on three main perspectives and involve ten different schools of thought. The main perspectives of strategic management are (Jofre, 2011): normalizing perspective, descriptive perspective, configuration perspective.

Each of perspectives covers concepts and insights of a few schools of strategic management. Normalizing perspective of strategic management focuses on how strategy must be formulated (Çınar, Karcioğlu, 2013; Luo et al., 2011). Descriptive perspective of strategic management focuses on the strategy profile - how the strategy is formulated (Jofre, 2011). Configuration perspective of strategic management integrates the essential approach to normalizing and descriptive perspectives and focuses on how strategies are formed and how they operate.

Mintzberg carried out taxonomy of ten strategic management schools assigning each school of strategic management to one of three perspectives: normalizing (design, planning, positioning school), descriptive (entrepreneurial, cognitive, learning, power, cultural, environmental school), and configuration (configuration school).

Strategic management and management strategies schools were analyzed by these researchers: Mintzberg et al. (2003), Rialp Criado (2010).

These authors argue that the strategy of design, planning and positioning schools are mainly focused on what will be the company's strategy-making process, taking into account that it is rationally oriented, formal and planned (deliberate strategy), (Rialp Criado et al., 2010; Luo et al., 2011). The organization-oriented approaches (entrepreneurial, cognitive, learning, power, cultural, environmental) are focused on the research, which analyse how creation and implementation of strategy acts in real life (emergent strategy). Finally, integrated configuration approach as a holistic, argues that both deliberate and the emerging strategy can be combined together (Rialp Criado et al., 2010). Not all concepts and insights of strategic management schools are applied in practice of negotiations. However,

combining a number of their elements and taking into account the specific situations, their fundamental scientific ideas can be a great tool of strategic management in negotiations. In light of these facts the most applicable schools of strategic management in negotiations are: entrepreneurial, cognitive, learning, environmental and power. Furthermore, for examining some aspects of international negotiations there are valuable ideas in culture school, which will be described in more detail below.

Entrepreneurship school treats strategy as a manager's perspective or vision. For this reason, vision can be understood more as a manager's inspiration than a detailed plan. Here strategies are flexible, they give directions, which can be settled and changed depending on experience of manager (and vision) (Jofre, 2011). The concept of entrepreneurship is related to the fact that entrepreneurship is said to be the engine of the market economy. One person - an entrepreneur - has the ability to identify opportunities to transform something mundane into something different. Therefore, this ability can be called a vision. Even in the first half of the last century, Joseph Schumpeter - the influential scholar and economist - argued that the ability to make new combinations, doing new things or doing things that are done in a new way, is the main feature of entrepreneurship. Under the entrepreneurial perspective, strategy is defined as the process of creating and achieving vision, in which business leaders establish a common framework to generate and implement strategic decisions. Vision intuition and innovation capabilities play key roles there. The strategy can be created only when leader directs his ideas into real things. Every company or organization may have a vision of a creative leader, who controls the implementation of strategy. The strategy shift from the precise project plan or positions, as it is proposed in other strategic approaches, to the vague visions and broad prospects, mostly useful in a specific context (start-up, business niches, etc.), when the idea is developed by a powerful leader (Rialp Criado et al., 2010).

Key statements of entrepreneurial school in strategy formulation are seldom related to personal leadership strategic vision and mental properties of the leader (Çınar, Karcioglu, 2013; Mintzberg et al., 2003). Strategy of the company or organization is determined by such elements as a vision, direction, identity and integration, which are not easy to formalize and quantify. These things are very important for small businesses, strategies, processes in which the leadership role is more critical than in larger companies. Systematization of such strategies is very limited, because the personal characteristics

that determine leadership cannot be easily replicated and consolidated (Çınar, Karcioglu, 2013). The leader provides the company his own vision and wisdom. If leader leaves a company or an organization may become strategically blind. The contribution of strategic management schools to the practices is high, but their contribution to the theory is too poor. School of entrepreneurship admits that the leader is an architect of a strategy. Most of business executives or senior employees are responsible for managing of strategic negotiations in their enterprise. Negotiation strategy is based on their bargaining power and mental qualities: intuition, solution, experience and wisdom. The analysis of approaches of Entrepreneurship school of strategic management showed, that there were a lot of similarities of the negotiation strategy, design and implementation. The head of negotiation team is an important component. He determines further negotiating progress and preparation to it. Leadership of manager is one of the negotiating power, which influence is significant for formulation and implementation of negotiation strategy. The leadership skills of team head of negotiations can help to manage effectively the negotiating process itself. However it is not sufficient to use only ideas of this school of business negotiations. Therefore, the author of this paper is going to explore ideas and concepts of other schools in next paragraphs.

The Cognitive approach in strategic management argues that strategy formulation is a mental process, developed in people's minds by models, charts, definitions, and other forms (Luo et al., 2011; Mintzberg et al., 2003). Cognitive knowledge is information processing when structural maps of knowledge are formed and all concepts are found, which are required for the preparation of the strategy. New branch of this approach is a neutral approach, based more on subjectivity than constructiveness (Rialp Criado et al., 2010). In this case, strategy development and implementation process depend on the experience of major player and his past subjective knowledge. The emphasis is placed on the qualitative data, for example, managerial experience - is trial and error analysis (Rialp Criado et al., 2010). Cognitive school focuses on creative thinking of a strategist. In terms of this school manager (strategist) develops strategies based on their own experience and understanding of life. Cognitive approach school claims that the strategist has the experience, which he uses in his job. As the literature review has shown, the works of Cognitive school have been very productive in research of strategic groups and non-strategic investment (opposed to investment), providing that business will reduce/liquidate the company's assets

under ethical or financial reasons. For example, the company's sales department will be repealed, which has not been sufficiently concerned with things that the company does best (Jofre, 2011). Scientific results of Cognitive strategic management school constantly grows and it is believed that in future it will have even more influence on strategic management. The context of negotiation and cognition of the other side of the negotiations are essential elements. The deeper negotiating context and another side of the negotiation will be known, the more bargaining power you can create, which is the basis to the negotiation strategy. The works of representatives of Cognitive approach school in strategic management have practical advantages in forming negotiating team, whose activities in negotiation experience has a great importance.

The managers have everyday work maps or cognitive models, which encourages them to perform certain actions in appropriate circumstances (for example, competitor actions in response to the price reduction), (Chou et al., 2014; Jofre, 2011). These cognitive models can be more detailed in terms of different relationships between many variables - suppliers, needs, price, time, etc. They can affect manager's conduct and become the decisive action map under uncertainty (when map is followed despite obstacles). This approach to strategy formulation has a number of modifications. An innovative approach is described as a learning activity. During the period of environmental changes strategies, which occurred successfully, are maintained but other inappropriate strategies are eliminated. According to another point of view (called adaptive strategies model), the strategy is concentrated on developed combination of perspectives between opportunities and threats in the external environment and the organization's set of resources and capabilities (Çınar, Karcıoğlu, 2013; Rialp Criado et al., 2010). The adaptive strategy develops itself in the context of decentralized organizations that work as an open environment systems. The third approach is dynamic capability perspective. It is oriented on development and improvement of unique capacities, which are difficult to simulate or replicate by other competitors, for whom company's strategy can be sustainable. This learning and dynamics-based approach to strategies development, policy-makers participate in the management of a company or organization, strategy formulation and implementation, as all these elements are interrelated (Rialp Criado et al., 2010). The strategy process is also a process of cognition and the dynamics of the process is complex and still unknown. According to this approach, there is a need for further investigation of human cognitive processes

and cognitive psychology. Understanding people's thinking is critical for understanding formation of the strategies. However, the role of human cognition and psychology as a conceptual framework has been poorly tested from the managerial side until now. Furthermore, the learning requires specific conditions, certain environmental stability and durability of the trends. If everything is changing too fast, an organization or company may be unable to cope with increasing demand and rapid flow of new information. But scientists say that learning is also possible in disordered conditions. Based on chaos theory, which was proposed by physicists in order to understand complex systems and environments, chaos in the management theory is opposed to organizing, planning and policy. It implies dynamism and unpredictability, but eventually dynamic organization balance was recognized not to have been stable condition, but rather the changeable one. In this context, negotiating strategy is formed by learning. Operational problems take place because of the crisis or unexpected changes. Some scientists, who support this theory, state that problems can deliberately arise to enhance the creation of new knowledge and learning (Jofre, 2011). Otherwise, we can create chaos under the order. And chaos could lead to a new order. The development of such orders (for example, production schemes or methods, products, technologies, services, resources and assets) acquire in getting a certain strategic advantage (Mintzberg et al., 2003). Critics of this school argue that though the importance of strategic learning is undeniable, focusing too much on learning may eventually lead to the disintegration of the strategies (Chou et al., 2014). Learning is important, requires time and certain formalities in the organizational system. However, as many things arise spontaneously, therefore the leader cannot rely on learning in all cases. The crisis is probably the most appropriate model describing this situation. In this situation, a strategist cannot wait for the new learning, which will come in appropriate time. The company is required to make decisive, preventive actions, during crisis, often in advance, which already can be covered by a particular vision of leader.

Companies are represented in negotiations mostly by their authorized representatives. Therefore, in order to set the limits in negotiations, it is helpful for these representatives to follow negotiations with existing schemes (provide a response to possible opposing steps). These schemes may be changing and need improvement taking into account their application and experience. The applicability of this school has great potential in negotiations - particularly in the negotiation support systems.

Representatives of this school argue that the environment is not a major external force, but is a major determinant of strategy process (Jofre, 2011). Under this approach, company or organization is more passive while the environment gives strategic direction. Representatives of this school argue that in extreme cases, policy is dependent on external forces and organization's ability to make a strategic choice is limited (Chou et al., 2014). The outside context of organization shows the different dimensions in which the strategist can build strategy of the organization. The Environmental school arose from the Contingency theory - behavior theory, which concludes that there is no best way to organize and manage the company. Theory postulates state that the optimal treatment strategy depends on the balance of internal and external situations. The representatives of Environment school conclude that the more stable environment becomes, the more formal can be an internal structure of the organization. The company naturally finds its position (niche) in the environment (Chou et al., 2014), and if the company fails to do so, it would perish as a natural ecosystem. The environment of companies and organizations may vary by degree of stability, complexity, diversity, hostility and a variety of combinations. In terms of this school, strategy is a response to the forces acting in order to adapt company or organization properly to the changing characteristics (Mintzberg et al., 2003). This school suggests the strategy should be aggressive (at risk), in response to a dynamic environment (for example: greater diversity and complexity of the market). The theory considers unforeseen cases which can cause the response collision between companies or organizations and relevant environmental conditions, which results in limiting the preparation of strategy. These approaches are related to the environment and can be grouped according to the choice-driven perspective (or limitation) school, which describes the formation of the strategy as a passive, reactive process, with a number of environmental factors. Here strategy-making process is designed to improve coordination and accuracy. Max Weber saw organizations formed on technical and managerial logic. When logic increases, the bureaucracy also expands. The modern scientists developing Weber ideas proposed Institutions theory, emphasizing the institutional pressures (pressures with which organization faces in their environment) (Jofre, 2011). This theory states that the organization faces pressure from other organizations and from organization itself. According to this vision in the environment there are two types of resources: economic and symbolic (Chou et al., 2014). Economic resources are material, such as

money, land or machinery. Symbolic resources are intangible - such as goodwill, good reputation, honorary and so on. According to this vision, strategy is focused on searching for the best ways in order to obtain economic resources and their transformation into symbolic resources. The purpose of such strategic vision of organization is to protect organization as much as possible from environmental uncertainties (Jofre, 2011).

Environmental approach school is mostly criticized for that the organizations do not have a strategic choice (Chou et al., 2014). This approach completely ignores the organizational skills to choose the direction or position. In real life, the environmental impact is recognized, and is assumed that it is not the strongest factor. Modern management claims that environmental limits are less visible for a variety of environmental mergers and networking (Jofre, 2011). Therefore in such conditions it is almost impossible to define the limits of the environment and its components. The relationship between the organization and the environment in the view of strategic management is more mutual, not unilateral, as formulated in the environmental school. These ideas can be adapted to formulation and implementation of negotiation strategy with representatives of other cultures and necessity to recognise the context of negotiations better. The better we can discover another culture and context of negotiations, the higher negotiating power we will be able to form. Knowledge can help to avoid a wide range of uncertainties and misunderstandings during negotiations. Adapting to a different cultural environment, it can create better context especially intercultural. Therefore, it is appropriate to examine in detail the cultural school approach to strategic management.

According to the ideas of the cultural approach school, preparation of strategy is seen as a social process associated with culture, a system of shared values and norms which influence can be sometimes important in deterring major strategic changes (Rialp Criado et al., 2010). Managers when developing company's strategy can be affected by the dominant organizational culture, based on common interests and integration. The values of culture can have a significant impact on policy-making, as they allow to make decisions that are meaningful and provide references to the relevant behavior. In contrast to the power school, culture school assumes that the strategy formation does not seek profit for itself but seeks to effect community (Jofre, 2011). Strategy formation is based on social cultural force, which includes individuals and their features in whole. Such force can have impact on strategic stability, and sometimes

promotes actively strategic changes. Cultural approach school concludes that culture is everywhere, but it is unique. Culture affects everything and makes each organization unique (Mintzberg et al., 2003). Strategic management today recognizes the dual nature of culture. History of this school has started from the mid-80s, when culture became important part in management. Up to that time, Japanese companies, which were quite successful in the international arenas, were able to do a variety of other things than the United States and Western European companies - it was treated as a result of the Japanese culture (Jofre, 2011). Many management concepts and ideas are based on the culture. Practitioners in USA applied culture for each element. However, such efforts did not help to understand the strategy better. Culture in this context represents motivation of a company or organization. Paradoxically, Learning school can be more easy to understand by examining the cultural differentiation, when comparing Japanese corporations and their cultural differences with Western companies (Jofre, 2011).

From an economic point of view, culture requires a competitive advantage of companies or organizations (Chou et al., 2014). In this case, culture is not just a group of people acting through social activities, but rather an interaction between both. The material culture requires material resources (for example computer) or intangible resources (for example scientific knowledge). Attitudes and values create objects, which create and shape the values, in turn. The ways, in which organizations develop their skills and resources, are the results of culture, while social environment allows them to act and manage the available resources. The logic of this school is simple, and it is valuable for management, but it has been criticized for the lack of the concept clarity. Promoting of strong culture can deny the possibility of occurrence of necessary changes. Changes can take place when culture opposes. Culture with dominant values faces stagnation. Culture can promote resistance to changes. This approach, which is criticized for uniqueness of influence to the competitive advantage, states that if company is successful, it is unique (Jofre, 2011). In the real life, the uniqueness is an important strategic advantage, but in economy not all businesses are unique: many companies may just do what others do, but more efficiently. From a theoretical point of view, the contribution of this school to strategic management is large – the culture is considered as a strategy guide. However, the less scientific knowledge is available in the field of cultural changes of companies or organizations - you should change the organizational culture in order to improve the organizations strategy (Chou et al., 2014; Mintzberg

et al., 2003).

Speaking about negotiations through the prism of the uniqueness, negotiation itself is unique, since equal negotiating situations almost do not occur. It is especially noticeable in the interaction between representatives of different cultures, as in such case various inconsistencies occur in negotiations: language comprehension, ethics, and so on. Ideas of this school may be useful in developing and implementing international business negotiation strategy.

Schools mentioned above, does not deal with the role of power and politics. The Power school of strategic management pays special attention on politics and power. Power theory is used in negotiating strategy in order to define opportunities of the negotiating parties. This school treats strategy process as clear impact on the process. Power is the impact of technique, which is based not only on economic instruments, but also on political pressure (Mintzberg et al., 2003). However, using the power only for the benefit of organization, both as in politics, has illegality side. This means that the use of secret operations which weaken its competitors (for example, the cartel), or open actions in order to achieve cooperation agreements (alliances) - can be considered of uncertain legality. Political games in organizations promote the recognition of individual characteristics such as emotions, dreams, fear, jealousy, hopes, aspirations, expectations, and other (Jofre, 2011). The role of these characteristics in the processes of strategy formulation and implementation is evident. Thus, contribution of the Power theory to strategic management is significant.

Power and political perspective to the strategy formation concerns the negotiation process between different interest groups and stakeholders, both internally and in its relations with the outside world, where each part has its own goals and objectives (Mintzberg et al., 2003). According to this view, the strategic decision-making process is related to the power. Political orientation, micro-power, describes the development of the strategy within the organization as essential political process, involving negotiating, persuasion and confrontation between domestic players, who share the power. Other orientation - macro power - describes organization as a unit, which uses his power to get benefits from others (partner alliances, joint ventures, and other network connections) in order to negotiate collective strategies for satisfying the own interests (Kuosa, 2011; Rialp Criado et al., 2010). According to this model, strategy can be defined as focus on definitions, which allows the organization and its environment to be understandable by various stakeholders. According to this policy-making model, the reality is socially

created and defined in the social exchange process, in which perception can be approved, changed, modified depending on its overlap with perception of others (Rialp-Criado et al., 2010). The organizations tend to seek lower dependence on other players and the environment (formation of a monopoly), or sometimes make cluster in order to interact with the environment (partnership), (Kuosa, 2011; Jofre, 2011). The environment can also be a national market in which companies and organizations try to present themselves as competing entities (Tseng and Hung, 2014). The Government determines the conditions and guarantees to companies or organizations. Companies will adapt to these conditions or try to change them, either individually or in groups. Companies or organizations often use their political influence - the power - for example to do promote, offer, support for legal changes to open new market opportunities and reduce the competitiveness of competitors (Jofre, 2011). It is suggested that the most effective way to control power of the external player or pressure groups, is to control their behavior. This is the main objective of the strategic maneuvering. Of course, this mean, that it is encouraged the use of politicians, as not causing the physical (depleting) confrontation (Kuosa, 2011; Mintzberg et al., 2003). The main idea of criticism of Power school is overestimation of the role of power and policy strategy (strategy formation covers power, but is not limited) (Jofre, 2011). In the light of the roles description on tricks, games and moves in strategic processes, it is possible to say that they are instant, frivolous factors for strategic management.

The approach of this school to the effects of power on strategy formulation are very suitable for the development and implementation of business negotiation strategy. In the negotiations, the power of negotiating side is one of the most important keys of negotiation strategy. Therefore, in terms of negotiation, strategy should be analysed and relied on the bargaining power. There can be identified some of the key elements of the negotiation power: preparation, communication terms, ethics, emotion management, time management, expectation management and other. These elements of negotiation power are the most important factors in success of the negotiation strategy. Therefore, in further studies it is appropriate to examine their influence on the negotiation strategy development and implementation.

CONCLUSIONS

In the article there were analysed changes of strategic management theory over the past decades and the methodology of strategic management. The article emphasized the importance of management staff in the preparation of company strategy. However, the opposition of those, who prepare and implement strategies of companies, can result in the failure of company. Formulation and implementation of the negotiation strategy, depend also on staff position since one of main factors of success in negotiations is their motivation, which makes impact on the effectiveness of future negotiations. Moreover, the employees during negotiations can notice the changes of environment and activity of competitors - thus in preparing strategy of company it is necessary to consider the recommendations of the negotiators, as they have the nearest relationship with market developments.

This article presents the overview of main ideas and concepts of strategic management schools, based on suggested typology by Mintzberg, which allows to see the same process from different angles of view. The analysis of the management schools shows, that the Power school is the most appropriate for development and implementation of negotiation strategy. The Power and Policy approach is consistent with the nature of the negotiations, as the bargaining power has a significant impact on the formulation and implementation of negotiation strategy. Other negotiation aspects, such as internationalization, context-awareness, negotiating activity limitation, experienced bargaining power and the uniqueness were revealed and can be found in the ideas and concepts of Entrepreneurial, Cognitive, Educational, Environmental and Cultural schools of strategic management. Since negotiation is dynamic process, it is appropriate to use the approach of Configuration school - integrating the conceptual variations of several schools.

The ideas and concepts of the Power school considering power effects on strategy formulation and implementation are the nearest for negotiations. The negotiating practice shows that negotiating power is strictly combined with the negotiating strategy. Therefore, in terms of negotiation strategy formulation and implementation, more attention should be paid on the analysis of negotiating powers of both sides of negotiations and composition of their configuration.

LITERATURE

- Ackermann F., Eden C. (2011), Strategic Management of Stakeholders: Theory and Practice, *Long Range Planning* 44 (3), pp. 179-196
- Altuok P. (2011), Applicable vision, mission and the effects of strategic management on crisis resolve, *Procedia - Social and Behavioral Sciences* 24, pp. 61-71
- Asan U., Soyer A. (2009), Identifying strategic management concepts: An analytic network process approach, *Computers & Industrial Engineering* 56 (2), pp. 600-615
- Bitmiş M.G., Ergeneli A. (2011), Contingency approach to strategic management: a test of the mediating effect of leader member exchange on the relationship between psychological empowerment and job satisfaction in 21st century workplace, *Procedia - Social and Behavioral Sciences* 24, pp. 1143-1153
- Candemir A., Zalluhoğlu A.E. (2013), Exploring the Innovativeness and Market Orientation through Mission and Vision Statements: The Case of Istanbul Stock Exchange Companies, *Procedia - Social and Behavioral Sciences* 99, pp. 619-628
- Chou T., Ou C.S., Tsai S.H. (2014), Value of strategic alliances: Evidence from the bond market, *Journal of Banking & Finance* 42, pp. 42-59
- Çınar O., Karcıoğlu F. (2013), The relationship between strategic management, institutionalization and human resource management: a survey study with family businesses located in the northeast Anatolia sub economic region of Turkey, *Procedia - Social and Behavioral Sciences* 99, pp. 835-842
- Colovic G. (2012), Strategic Management in the Garment Industry, Woodhead Publishing India in Textiles, Belgrade
- Erdil T.S. (2013), Strategic Brand Management based on Sustainable-oriented View: An Evaluation in Turkish Home Appliance Industry, *Procedia - Social and Behavioral Sciences* 99, pp. 122-132
- French S. (2009), Critiquing the language of strategic management, *Journal of Management Development* 28 (1), pp. 6-17
- Guerras-Martín L.A., Madhok A., Montoro-Sánchez A. (2014), The evolution of strategic management research: Recent trends and current directions, *BRQ Business Research Quarterly* 17 (2), pp. 69-76
- Hatifi M.A., Maryani A., Sadik H.H. (2012), Strategic Management Accounting Techniques in Romanian Companies: Some Survey Evidence, *Procedia Economics and Finance* 3, pp. 387-396
- Hijji K.Z.A. (2014), Strategic Management Model for Academic Libraries, *Procedia - Social and Behavioral Sciences* 147, pp. 9-15
- Jofre S. (2011), Strategic Management: The theory and practice of strategy in (business) organizations, DTU Management, Lyngby
- Kuosa T. (2011), Different approaches of pattern management and strategic intelligence, *Technological Forecasting and Social Change* 78 (3), pp. 458-467
- Kwon T. (2012), Strategic niche management of alternative fuel vehicles: A system dynamics model of the policy effect, *Technological Forecasting and Social Change* 79 (9), pp. 1672-1680
- Luo Y., Sun J., Wang S.L. (2011), Comparative strategic management: An emergent field in international management, *Journal of International Management* 17 (3), pp. 190-200
- Martinet A.C. (2010), Strategic planning, strategic management, strategic foresight: The seminal work of H. Igor Ansoff, *Technological Forecasting and Social Change* 77 (9), pp. 1485-1487
- Mintzberg H., Lampel J., Quinn J.B., Ghoshal S. (2003), *The Strategy Process: Concepts, Contexts, Cases*, Prentice-Hall, Upper Saddle River, New Jersey
- Modell S. (2014), Strategy, political regulation and management control in the public sector: Institutional and critical perspectives, *Management Accounting Research* 23 (4), pp. 278-295
- Molina-Azorín J.F. (2014), Microfoundations of strategic management: Toward micro-macro research in the resource-based theory, *BRQ Business Research Quarterly* 17 (2), pp. 102-114
- Morita M., Flynn E.J., Ochiai S. (2011), Strategic management cycle: The underlying process building aligned linkage among operations practices, *International Journal of Production Economics* 133 (2), pp. 530-540
- Nixon B., Burns J. (2012), The paradox of strategic management accounting, *Management Accounting Research* 23 (4), pp. 229-244
- Okumus F. (2010), Levent Altınay and Prakash Chathoth, Chapter 1 - Introduction to Strategic Management, in: F.Okumus, L. Altınay, P. Chathoth (eds.), *Strategic Management for Hospitality and Tourism*, Butterworth-Heinemann, Oxford, pp. 3-18
- Pricop O.C. (2012), Critical Aspects in the Strategic Management Theory, *Procedia - Social and Behavioral Sciences* 58, pp. 98-107
- Rialp Criado A., Galván Sánchez I., Ma Suárez Ortega S. (2010), A configuration-holistic approach to born-global firms' strategy formation process, *European Management Journal* 28 (2), pp. 108-123
- Rokooei S., Miralami R., Modarresi A., Poursarrajan D. (2011), Strategic management of foreign vassals in Iran regarding world recession period, *Procedia - Social and Behavioral Sciences* 24, pp. 174-180
- Şentürk F.K. (2012), A Study to Determine the Usage of Strategic Management Tools in the Hotel Industry, *Procedia - Social and Behavioral Sciences* 58, pp. 11-18
- Tseng S.C., Hung S.W. (2014), A strategic decision-making model considering the social costs of carbon dioxide emissions for sustainable supply chain management, *Journal of Environmental Management* 133, pp. 315-322
- Uygun R., Altın E. (2011), Overview of Methodological Trends of the Last Decade in Strategic Management Research, *Procedia - Social and Behavioral Sciences* 24, pp. 1475-1480
- Vasiliauskas A. (2004), Įmonių ir nacionalinės ekonomikos strateginio valdymo sąsaja-jos, *Pinigų studijos* 4, pp. 31-45