

**PROJECT MANAGEMENT IN THE SYSTEM OF STRATEGIC COMPANY MANAGEMENT**

Aliev Kibar Olimovich

Master of the Higher School of Business and Entrepreneurship  
Under the Cabinet of Ministers of the Republic of Uzbekistan

Butabaev M.

Scientific Adviser

Suyunov D.Kh.

Scientific Adviser

**ABSTRACT**

Today's fierce global competition has led to changes in the culture of organizations and their business processes. Under the pressure of changing external conditions, companies are forced to more widely use downsizing and outsourcing methods to increase their competitiveness. As noted by F. Gray and E. Larson, such changes are especially noticeable in corporations that are most dependent on the stage of the life cycle of their market, for example: *Bechtel*, *Cable Network News (CNN)*, *Electronic Data System (EDS)*, *Hewlett-Packard (H.P.)*.

In the late 1980s - early 1990s, these and other companies have responded to changes in their business environment with changes in organizational structures and a reorientation towards project management. There is even a new term "managing organizations through projects" to describe the ongoing changes in organizational structure and culture. Obviously, this is done with the aim of using projects to achieve the organization's strategic goals. Bringing all projects together in a single strategic direction is vital to an organization's success.

Each project must be aligned with the organization's strategic plan, which is being created to meet the future needs of its clients. However, not all large and medium-sized organizations have managers who can prioritize a project and link it to a strategic plan.

Providing a link between the strategic plan and the project is a very painstaking work that requires a lot of constant attention from top and middle managers. The larger the organization and the more diverse its activities, the more difficult it is to create and maintain a strong link between strategic and project management. Many examples can be found that most organizations have not yet developed mechanisms that would ensure the connection of the project and their strategy. As a result, organizational resources—people, money, equipment, and key competencies—are used less efficiently.

How can an organization provide such a link? Only by integrating projects into the strategic plan. Such integration presupposes, firstly, the existence of a strategic plan and, secondly, a mechanism for determining the priority of projects according to the degree of their compliance with this plan.

It is important that all levels of the organization, not just the top management, be involved in the strategic planning process. It is especially important that project leaders be included in the process of strategic planning and strategy implementation. This is extremely useful for the following reasons:

- • this involvement provides the project manager with an overall perspective on the organization's goals, leading to professional growth and better decision making;
- • Experienced project managers can offer valuable insights into leveraging the organization's capabilities and limited resources;
- • each project manager can compare his project with others;
- • Understanding the criteria and selection mechanism contributes to a smoother redistribution of resources and priorities between different projects.

As a result of all this, project managers seek to understand strategic management and the process of selecting projects.

Model and methodology of strategic management

In order to understand in more detail how a project can be embedded in an organization's strategy, let's consider the general principles and approaches of strategic management presented in its model.

In the most general form, the steps or sequence of operations of this model are shown in Fig.



Rice. The main stages of the strategic management model.

Each of these steps is a system of actions, consisting of many interrelated elements. A detailed consideration of the content of each step of the model is not included in our tasks (there is special literature for this), it seems more important to understand the general principles of strategic management, since knowledge of these principles allows the project manager, his developers to more easily and organically introduce the project into the system of strategic goals and organization's actions. The basic principles of strategic management are as follows.

**Market research.** Here, management theorists and practitioners are interested in the possibilities of market growth and changes in the composition of the main "players" of market competition. These studies are decisive for determining the structure of the commercial risks of the firm.

**Collection of information.** The organization should have a sufficient number of channels for entering information both regarding the external environment and regarding intra-organizational processes and their dynamics. A commercial firm operating effectively in the market must have an information system that involves not only the collection of information, but also its processing, analysis, systematization, storage and determination of information needs in the future.

**Empirical research.** Strategic management is a highly theorized area of management research. This is manifested, first of all, in the abundance of models of both local processes and the

development of "global" strategies. Models need constant verification, i.e. confirmation by experimental data. This, in turn, is determined by the fact that universal, abstract models of strategic management must be applied to solve specific problems, the uniqueness of which follows from the characteristics of a particular company operating in a particular market in a strictly fixed period of time.

Such characteristics specifying the working conditions of the firm are called the context of its activities. No two firms have exactly the same context. However, these seemingly minor differences in context can be decisive factors in formulating and choosing a strategy.

**Transnational business.** As a scientific discipline, strategic management in the late 1990s. focuses on the processes of globalization of business. This circumstance is one of the most valuable and practically useful characteristics of discipline in the eyes of corporate leaders. On the other hand, the internationalization of business creates a number of problems in project management, many of which have not yet been satisfactorily resolved. In this regard, strategic management changes both the corporate thinking of project managers and the priorities of corporations.

**Making decisions.** The process of strategic management is a process of permanent decision-making, their implementation, control, and correction. This process is cyclical, and the more changeable and uncertain the environment, the shorter the decision-making cycle. In many ways, project management is also a decision-making process. Priorities at the intersection of these processes are usually given to strategic decisions, and design decisions must be adapted to strategic ones.

**Entrepreneurial spirit.** Although strategic management is built as a systematic, logically coherent theory based on empirical data, the success of a strategy is determined not least by foresight, intuition, a sense that one way or another to do the "right", i.e. everything that is defined as an entrepreneurial initiative. As noted by the famous American management theorist I. Ansoff, entrepreneurial behavior means creating the potential for profit where it was not there before.

This, in turn, requires the formation of new systems, new structures and new skills of managers, in particular, pronounced leadership traits - "charisma", the ability to creatively solve problems, take risks, and plan based on entrepreneurial views. The best form of entrepreneurial activity is the development and implementation of projects.

**Vision of long-term prospects.** While operational management focuses on short-term goals, strategic management focuses on long-term goals. Most often, the prospects for the next year of the organization's activities are seen as the starting point for strategic development and change. Strategy-related projects also tend to have long implementation times.

**Strategic alternatives.** The methodology of strategic management involves the promotion and evaluation of alternative options for strategic development. Evaluation of options is one of the most important and most responsible tasks of strategic management. Even at the stage of



implementing the strategy, the possibility of a significant correction or replacement of another, more appropriate to the changed conditions, is allowed. Such changes involve either the introduction of a significant correction in the projects, or the implementation of a new alternative through a different set of projects.

**Interdisciplinary approach.** The theory of strategic management is based on a complex of behavioral sciences - sociology, psychology, political science, economics, law, etc. Mathematical, statistical, systemic, and probabilistic research methods are widely used in it. The same is true for project management: depending on the type of project and the specific conditions for its implementation (context), often very different skills, knowledge and experience are required.

**Resource usage optimization.** The study of the organization's resource capabilities and the choice of a strategy that ensures the efficient use of resources in the long term is a determining factor in planning, choosing and implementing a strategy. The same requirements apply to effective project management.

**Strategy implementation and control.** Considerable attention in strategic management is paid to the human factor in the implementation of the strategy. Successful implementation of the strategy is possible when managers have the skills to manage organizational innovations, are able to overcome resistance to change, form innovative teams and manage the expectations of people involved in the process of strategic change. Control of the implementation of the strategy is effectively carried out through the control of projects through which the strategy is implemented.

Understanding the tasks and methods of strategic management can be deepened by comparing strategic and operational management. There are many similarities between these concepts, but there are also important differences, the main of which is that strategic management deals with the overall management of the organization, while operational management focuses on the specifics of managing the functional departments of the organization, such as financial, production department or marketing department.

The difference between strategic management also lies in the specific methodological basis, the vision of the organization as a complex system in development. Such development is determined by many factors of both external and internal origin, the interdependence of the structural elements and functions of the organization, so it is extremely difficult to manage, and, even more so, to manage in accordance with a rigid plan that would take into account all the details and particular aspects of the behavior of parts of the organization. down to individual individuals.

Strategic management is an area dominated by soft organizational problems, and therefore attempts to manage them as hard problems lead to the danger of failure and failure. Thus, effective management of an organization includes both effective strategic and effective operational management.

What are the benefits of project managers knowledge of strategic management? In addition to the fact that strategic management makes you seriously think about the future of the organization, it allows you to:

- rationally formulate possible strategies and determine to what extent this or that strategy suits the organization and what projects will have to be implemented to implement it;
  - look for alternative ways of project development in order to choose the best one;
  - develop the ability to navigate the future, which leads to a systematic consideration of the possible consequences of certain design decisions;
  - allocate project resources more efficiently and competently;
  - understand the nature and significance of uncertainties and risks in project management;
  - use the methodology of a systematic approach in solving organizational problems and, on this basis, develop a more effective project management;
  - link the processes of communication, coordination and control within the framework of the project as a whole into a single complex of interdependent elements;
  - stimulate the motivation and enthusiasm of employees, define the mission of the project and understand the importance of achieving the project goals for the individual development and growth of employees;
  - overcome resistance to change, form an innovative organizational culture of the project team.
- Strategic management develops the breadth of managerial thinking of project managers, making them more useful to the organization. Managers with knowledge and skills in the field of strategic management are more likely to achieve rapid growth through the ranks and make a successful career. And for novice project managers, strategic management allows you to quickly understand how the organization works, what is the relationship of its structural components, what is the role of individuals in making important organizational decisions.

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