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Strategic Management in Startups: Balancing Agility and Stability

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Abstract

A start-up is an attractive business phenomenon that raises great expectations among founders and investors. The fulfillment of expectations is conditioned by the growth of business performance. In this article review the various literature's study on Strategic Management in Startups. It concluded that strategic management in startups demands a balance between agility and stability for long-term success. Agility enables quick adaptation to market changes, fostering innovation and competitiveness. However, excessive agility can lead to erratic decisions and resource misallocation. Stability ensures operational consistency, financial sustainability, and resilience but may limit adaptability. Successful startups integrate both by fostering a learning culture, leveraging data-driven decisions, and implementing scalable processes. Continuous reassessment of market conditions and internal capabilities is crucial. By balancing agility and stability, startups can navigate uncertainties, drive innovation, and achieve sustainable growth in dynamic business environments.

Keywords: Start-up, Agility, Strategic management, artificial intelligence, Business model innovation (BMI), Stability and agility, etc.

1 Introduction

Since its inception, strategic management has concentrated on a certain set of businesses: huge corporations that often operate globally, have distinct organisational structures, and provide a broad range of goods and services. As a result, the great majority of widely used strategy ideas and strategic

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management approaches and methodologies would meet the above specified criteria [1]. But technical advancements gave rise to a whole distinct class of businesses: startups. Many firms have lowered their entrance barriers as a consequence of the growing popularity of the Internet, digital transformation, etc. This approach created new niches that eventually developed into new, sizable segments of the market in addition to bringing new competitors to the existing sectors [2]. Since startups have been the primary engine behind ground-breaking, "disruptive," inventions that challenge the prevailing logic of established industries, their significance in this process cannot be overstated [3]. This covers the creation, application, and spread of better products, services, procedures, and practices that either expand social inclusion or decrease the use of natural resources [4]. Examples from a variety of industries, including "health and well-being, education, green energy, and transportation", demonstrate the critical role entrepreneurs play in the creation and launch of radical sustainable ideas [5], [6].

A. Evolution of strategic management

Strategic management methodologies have changed throughout time. Originating in the 1950s and 1960s, strategic management is a contemporary subject. Peter Drucker is a well-known figure in the area and is frequently called the founding father of management studies [7]. Among his contributions was the groundbreaking notion that a business's goal is to produce customers, and that a business's identity is determined by what its customers want. In order to effectively handle the changing demands and preferences of consumers, management's primary responsibility is to gather resources and assist staff [8]. In 1957, Philip Selznick, a researcher of law and sociology, coined the phrase "distinctive competence," which centred on the concepts of competitive advantage and core skills in strategic management strategy. In light of the possibilities and risks in the external environment, this made it possible to develop frameworks for evaluating an organization's strengths and weaknesses [9], [10].

Similar to Drucker's thesis, Theodore Levitt, a professor at Harvard Business School, created a strategy in the 1980s that was centred on the customer. A lot of other ideas at the time focused on output as the main incentive, therefore this approach was different [11]. The strategic management process is often less predictable and more dynamic than management theorists had previously believed, according to Canadian management scientist Henry Mintzberg [12]. In his article from 1987, "The Strategy Concept I: Five Ps for Strategy," he said "the field of strategic management cannot afford to rely on a single definition of strategy." He instead described five definitions of strategy and how they relate to one another:

- **Plan:** A strategy is a deliberate course of action that is intended to address a given situation.
- **Ploy:** A strategy is a manoeuvre that can be incorporated into a defined plan to overcome a competitor.
- **Pattern:** A strategy that is the result of consistent or successful behaviour, regardless of whether it is intended or part of a plan.
- **Position:** The organisation and environment are mediated or matched by strategy. Compatibility with any or all of the other Ps is possible.

- **Perspective:** a notion or a deeply rooted way of seeing the world (e.g., aggressive pacesetter vs. late mover). It may or may not fit into any of the other definitions.

B. The Importance of Strategic Management

Long-term Success: By seeing development prospects and anticipating problems before they arise, a clear strategic management plan helps businesses stay competitive and relevant over the long term.

Resource Optimization: Effective resource allocation is made possible by strategic management, which guarantees that resources are employed in the best possible manner to meet long-term goals.

Adaptability: Strong strategic management procedures enable businesses to take advantage of new possibilities and reduce risks by better adapting to changes in the business environment.

C. Integrating Strategic Management into Startup Operations

Align Operations with Strategy: Make sure the startup's strategic goals and operational actions are in line. To more effectively support the organization's long-term objectives, this may include modifying organisational structure, procedures, or resource distribution.

Communicate Strategy: Make sure that everyone on the team is aware of the startup's plan and their part in accomplishing the goals of the business.

Foster a Culture of Strategic Thinking: Encourage open communication, creativity, and innovation to foster a strategic thinking culture inside the company. This will assist the group in consistently seeing and seizing fresh chances or resolving possible obstacles.

Link Strategy to Performance Metrics: In order to monitor success and make data-driven choices, the firm should create performance measures that are closely related to its strategic goals.

Continuously Review and Refine the Strategy: Ensure that the startup's strategy is consistently reviewed to ensure that it remains effective and relevant in the presence of emergent threats, new opportunities, or changing market conditions.

2 Literature Review

(Drzewiecki, 2023) [13] The way a startup employs these strategies will have a big influence on business model innovation (BMI) management, strategy identification and execution, and the usage of management tools and techniques. The study's findings verified that the sample firms used both strategy and business model approaches. It implies that well-known and proven strategic management tools are important for startups as well. Two major conclusions may be made about the link between these two techniques. First, all three of the study scenarios were adopted; second, business model adapted to strategy was the most often employed scenario. According to study findings, there comes a time in a startup's life cycle when it begins to concentrate on its strategy, bringing it closer to the business model that is common for mainstream strategic management.

(Drzewiecki & Olek, 2024) [14] Examine three important criteria to determine the best management practices for startups: how well-informed they are on strategy and business models, and how well management tools work in tandem with this knowledge. which certain tools correspond to various awareness levels. According to the study's findings, startup efficacy and efficiency are increased by using a structured strategy and business model management method. It emphasises the significance of managing both components at the same time. The study's focus on Polish companies, however, may have an impact on the findings.

(Kulkarni et al., 2020) [15] seeks to comprehend how employee engagement and skill development are affected by strategic management. The findings of the research have highlighted the difficulties in developing employee skills and highlight the significance of employee engagement initiatives for the expansion of human capital in start-ups. Based on employee involvement and skill development, the findings would provide guidance for enhancing strategy management. The start-up study gives entrepreneurs guidance on how to manage their human resources and strategic plans to construct robust businesses that can provide jobs for the country's young and enhance society as a whole.

(Sreenivasan et al., 2023) [16] To address this issue, the paper models the factors influencing agility in Industry 4.0 start-up operations. Information was gathered using a closed-ended questionnaire in addition to the scheduled interview. The MICMAC approach is used to assess and classify the elements that contribute to agility in the context of start-up operations 4.0 in order to understand their linkages. Eleven traits that support agility in start-up operations 4.0 were found in the study. Large organisations have been greatly impacted by Industry 4.0 principles, while start-up 4.0 agility deployment has been less evident. In this environment, the importance of cloud computing, digital twins, networks and connectivity, and artificial intelligence is clear. The study sheds crucial light on the factors that go into implementing agility successfully in start-up 4.0, providing academics and stakeholders with insightful information.

(CAI et al., 2024) [17] examines how creative technical startups based in the Delft, Netherlands, tech incubator program react to economic deglobalisation, with a particular emphasis on how they strategically manage competitive resources to attain dynamic stability—the capacity of an organisation to regain its previous or new status following an external disruption. Six key resource management techniques are identified from the thematic conclusion of the findings: explicit information security, varied marketing tactics, an optimised balance of investments, flexible supply chain, thorough personnel planning, and the value of time and money. Our research determined that the strategic and designatory responses to economic deglobalisation are executive innovation, operational adaptability, and channel resilience. We did this by creating a methodical framework that helps startups navigate dynamic stability.

(Slávik, Hanák, et al., 2022) [18] The goal is to determine how the business plan, which is defined by a set of factors, affects the start-up's revenue growth and volume. The research's key findings are as follows: growth and sales volume have little effect on profit indicators; quality personnel and their qualified and proactive actions have a positive impact on the performance of the start-up; low cost and excessive sensitivity to the external environment may not result in higher performance; start-ups choose from five strategies: differentiation, low cost, adaptation, action, and resource strategy; strategy has a small, simple, and consistent impact on start-up performance.

(Zhao, 2022) [19] The method by which enterprises formulate strategies and the development of strategic formulation are of significant research value in the current era, particularly in the context of rapid economic development. The present paper investigates the characteristics of strategic management and the process of strategic management, as well as the current state of entrepreneurial enterprise development in the new era. It then employs quantitative analysis to evaluate the impact of the Midea group on the strategic management of enterprises, identifies several issues and critical factors that should be taken into account in strategic management, and presents significant implications for the strategic management of entrepreneurial enterprises.

(Nurhasanah et al., 2022) [20] This study aims to examine strategic management at the bookingjasa.com startup, examine the challenges faced by students in their roles as administrators throughout the company's establishment, and provide solutions based on those challenges. The major data used in this study was acquired via documentation, interviews, and observation. According to the research's results, "work ethic" and "product" difficulties are the two categories of issues that are associated with high SFAS ratings. Factors that lead to "work ethic" problems include a lack of entrepreneurial motivation, a lack of interest and ambition in entrepreneurship, a lack of loyalty among team members, and a lack of harmony among team members.

(Fox & Vahala, 2022) [21] Business models are linked to the fundamentals of surviving in dynamic situations. Action research is specifically mentioned for redefining startups as flexible, robust systems built on synchronous business models. Three major contributions are made in this study. The link between business models and survival basic principles uncovered by natural science research is a contribution to the development of business model theory. Citations to foundational principles emphasise that sustaining both internal stability and exterior flexibility via synchronisation with changing circumstances is essential for life. By presenting a straightforward business modelling technique founded on the fundamentals of science, the second contribution to business model practice is made. Offering an example that bridges the rigor-relevance gap between scientific research and commercial practice is the third contribution.

3 Conclusion

Strategic management in startups requires a delicate balance between agility and stability to ensure long-term success. Agility allows startups to adapt quickly to market changes, seize emerging opportunities, and pivot when necessary. This flexibility is essential in dynamic industries, where innovation and responsiveness drive competitiveness. However, excessive agility without stability can lead to erratic decision-making, resource misallocation, and strategic drift. On the other hand, stability provides a structured framework, ensuring consistency in operations, financial sustainability, and long-term vision. Establishing core processes, a strong organizational culture, and reliable revenue streams contribute to resilience. Yet, overemphasis on stability can hinder adaptability, making startups rigid in the face of change. Successful startups integrate both agility and stability by fostering a learning-oriented culture, leveraging data-driven decision-making, and implementing scalable processes that support growth while allowing for flexibility. Strategic management in startups is an evolving process that requires continuous reassessment of market conditions, competitive positioning, and internal capabilities. By effectively balancing agility and stability, startups can navigate uncertainties, drive innovation, and sustain growth in competitive landscapes.

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