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IMPACT OF STRATEGY INTEGRATION ON ORGANIZATIONAL PERFORMANCE

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Abstract

Strategic integration is the incremental blending and incorporation into unified, synergistic bodies of separate elements of company organizations. The method of enhancing corporate efficiency is focused on strategic convergence as it makes it possible for company policy to be aligned consistently within an evolving business climate. Companies utilize strategic integration to resolve the effects of both predictable and unexpected transformations at a number of stages. The three key levels of strategy that the systemic integration organizations pursue in order to achieve successful productivity are market strategies, corporate strategies and functional strategies.

Keywords: *Organizational performance, Strategy integration, Strategy implementation, Strategy planning.*

I. INTRODUCTION

Most businesses compete with each other by taking clients, market share and revenue turnover. In order to sustain the rivalry in their business market, globalization has introduced dynamic shifts in information technologies and new management and tactics approaches. Therefore, they are compelled to search at solutions that improve their corporate efficiency and make viable decisions. Infrastructure, promotion, convergence, strategic edge and business tactics are widely used strategies [1]. Integration by combination and acquisition are techniques not only used to maximize production but also to integrate key harvest skills, economies of scale and market share. Researchers and researchers have studied incorporation for a decade. There are also various viewpoints and philosophies to ensure effective integration. The issues and difficulties of integration have been mired. This task involves human factors, government strategies, structural factors and micro- and macroeconomic trends. These mergers and acquisitions problems lead the company no to their target, insufficient human capital, unprofitability and low business results [2]. Before any intervention takes place, the company must read comprehensive studies about fusion and acquisition. They will need to consider the form of integration which the company can pursue on time, since integration considerations change with time. Often, whether they diversify or stay with one production line. The integration methods are highly known as vertical integration. It is comfortable to ensure that the best raw material is purchased at the right cost before the good or service has been completely produced or delivered This approach does not only raise production volumes, it also means that goods are manufactured cheaply by the removal of manufacturers and agents [3]. This allows for technological innovation and helps the company to manufacture a selection of technology-based products, as well as the reach of convergence economies. Integration allows businesses to increase their market share and organization at a lower cost arising from economies of scale. Diversification can also encourage region spread of the organization as result of integration. The company can move or extend to a broader area or even to the global market. This translates to a significant market share in the multinational plan for diversification [3]. Corporate procurement is not always, with different features and difficulty, being a lesson after the process. Fusion and corporate acquisition influence the community in various ways. The perceptual characteristics required to join another party allow the original community and personality to cease to exist, therefore have a detrimental effect on the success and sense of membership of the employee. The concept behind vertical integration that two businesses are connected vertically as one company can use the production of another company. Vertical fusion is seldom observed in conjunction with a horizontal and empirically diversifying fusion. The horizontal and vertical integration have shown that vertical fusion has more advantages than horizontal fusion. Many companies have had an issue with results and many fixed deadlines they cannot achieve. Many companies were pushed to expensive businesses such as the use of consultancy firms [4].

II. LITERATURE REVIEW

Strategic integration involves more fully exploiting growth potential by combining resources and competencies from business units and directing those units toward new business opportunities that extend the existing corporate strategy.

1. **Vertical Integration: -**

In order to have complete leverage over the procurement of raw materials to produce the goods, a corporation opts for vertical integration. It will also pick up the sales kidneys of its goods with vertical integration[5]. A typical example is the Carnegie Steel Company, which has purchased not only iron mines to secure raw material suppliers but also railways to improve the finished product delivery. The policy has led to Carnegie's production and consumer empowerment of cheaper steel[6].

1.1 **Types of vertical integration strategies: -**

Vertical integration incorporates a company that supplies raw materials (backward integration), or that suppliers its goods to end customers across distribution networks (forward integration). The supermarket, for instance, can gain ownership of farms to have fresh produce (backward integration) or can purchase vehicles such that their goods can be delivered more efficiently (forward integration) [7]. A car manufacture may buy factories for tyres and electrical components or open its own exhibition rooms to offer or provide after-sales facilities for its models (forward integration). The vertical integration of a third type is called balanced integration which is a smart combination between retrospective and forward integration techniques [8].

1.2 **Advantages of Vertical Integration: -**

Let us take the example of a car manufacturer implementing this strategy. This company can

1. smoothen its supply chain (by ensuring ready supply of tyre and electrical components in the exact specifications that it requires)
2. make its distribution and after-sales service more efficient (by opening its own showrooms)
3. absorb for itself upstream and downstream profits (profits that would have gone to the tyre and electrical companies and showrooms owned by others)
4. increase entry barriers for new entrants (by being able to reduce costs through its own suppliers and distributors)
5. invest in specific functions such as tyre-making and develop its core competencies

2. **Horizontal integration: -**

Another competitive tactic used by businesses is horizontal convergence. An empirical concept is that horizontal integration is the acquisition of company processes of related or separate sectors at the same stage of the value chain. Simpler, the takeover of an enterprise relevant to horizontal integration is: a fast-food franchise chain fusioning to another country's comparable sector to achieve an impetus in international markets [9].

2.1 **Advantages of Horizontal Integration: -**

The advantages of horizontal integration are economies of scale, increased differentiation (more features that distinguish it from its competitors), increased market power, and the ability to capture new markets.

1. Economies of scale: The bigger, horizontally integrated company can achieve a higher production than the companies merged, at a lower cost.
2. Increased differentiation: The Company will be able to offer more product features to customers.

3. Increased market power: The new company, because of the merger of companies, will become a bigger customer for its old suppliers. It will command a bigger end-product market and will have greater power over distributors.
4. Ability to enter new markets: If the merger is with an organization abroad, the new company will have an additional foreign market.
5.

2.2 **Disadvantages of horizontal integration: -**

As stated earlier, if the effects of horizontal integration are to be achieved, the business management should be able to accommodate the wider enterprise effectively. There are rigorous anti-monopoly regulations in certain countries that would entail research of the legal consequences. If the combined company threatens to leave the market to its rivals, these provisions will be enforced against it. In an anti-trust case standard petroleum was viewed by more than 30 rival firms as a dominant conglomerate that did not competitively. With horizontal integration, an organization becomes broader and may become too static and change in its policies or processes unfavorably [10]. This can prove to be risky. In addition, synergies between firms that should have been expected may be uncertain or non-existent (such as a collapsed horizontal convergence between hardware and software companies that have integrated into "synergies" assumptions between their products). The judgment on the use of vertical or horizontal integration affects a company's corporate plan for a long time. Each organization would have to select the most appropriate choice based on its specific role on the market and its proposals for consumer value. A profound study of the strengths and advantages is a smart option.

III. CONCLUSION

The study concluded that the integration into the success of the company was important. Given the corporate integration and administration, the success of the company has a marginal positive effect. Thanks to incorporation, the company increased its efficiency. The results were greatly affected by incorporation and integration of marketing in human resources management. The most important performance driver of the integration approach was marketing integration. It improves market share as well as sales which make a big difference in companies' success.

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