

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Master's Thesis

**THE IMPACT OF CORPORATE STRATEGY ON CORPORATE
PERFORMANCE**

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DIPLOMA THESIS ASSIGNMENT

B.S.B.A Aylin Ramizli, BBA

Business Administration

Thesis title

The impact of corporate strategy on corporate performance

Objectives of thesis

The aim of the thesis is to assess the impact of corporate strategy of SOCCAR, esp. the power enterprise in Azerbaijan, and to examine the influence the strategic plans implemented by the corporation on its competitiveness, profitability, and sustainability.

Methodology

Theoretical part: critical review of the relevant body of knowledge in the selected field of study

Practical part: strategic analysis of the competitive position of the selected enterprise, assessment of the selected performance indicators and examination of the influence of the pursued strategy on the performance of the enterprise, conclusions and recommendations.

The proposed extent of the thesis

60-80 pages appendices

Keywords

Corporate strategy, Performance, Diversification, Operational efficiency, Corporate social responsibility, Financial performance, Innovation, SOCAR

Recommended information sources

ARMSTRONG, M. *Armstrong's handbook of reward management practice : an evidence-based guide to improving performance through reward*. London ; Philadelphia ; New Delhi: Kogan Page, 2019. ISBN 978-0-7494-8436-1.

DRUCKER, P F. – MACIARIELLO, J A. *The daily Drucker : 366 days of insight and motivation for getting the right things done*. New York: HarperBusiness, 2004. ISBN 978-0-06-074244-7.

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RASCHE, A. – MORSING, M. – MOON, J. *Corporate social responsibility : strategy, communication, governance*. Cambridge, United Kingdom: Cambridge University Press, 2017. ISBN 978-1-107-11487-6.

Strategic road map for the perspective of the national economy of the Republic of Azerbaijan State Oil Company of the Republic of Azerbaijan-SOCAR: Management, accountability, transparency (2018), Baku.

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Declaration

I declare that I have worked on my master's thesis titled " The Impact of Corporate Strategy on Corporate Performance" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 1st April, 2023

Aylin Ramizli

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THE IMPORTANCE AND IMPACT OF THE CORPORATE STRATEGIES IN THE OVER THE COMPANY PERFORMANCE IN SOCAR

Abstract

This graduate thesis explores the significance and influence of business tactics on the efficiency of corporations. The investigation concentrates on the instance of SOCAR, a foremost power enterprise in Azerbaijan, and examines the strategic plans implemented by the corporation to augment its competitiveness, profitability, and sustainability. The investigation employs a mixed-methods strategy, encompassing a literary critique, case analysis, and discussions with essential stakeholders in the corporation.

The outcomes of the research indicate that business tactics have a crucial function in the efficiency of corporations, primarily in the power industry. Variation, operational effectiveness, corporate responsibility, and global expansion are distinguished as primary strategic plans that have supported SOCAR in attaining sustainable advancement and enhancing its market position. The findings suggest that SOCAR's sound strategic planning and implementation have helped to enhance its competitiveness, profitability, and sustainability. By continuing to focus on these strategic initiatives, SOCAR is well-positioned to achieve continued success in the future. The study recommends that companies should invest in corporate strategies that will help them to remain competitive and achieve sustainable growth in the long-term.

Keywords: Corporate strategy, Performance, Diversification, Operational efficiency, Corporate social responsibility, Financial performance, Innovation, Leadership, Organizational culture, SOCAR, Stakeholders.

VÝZNAM A DOPAD FIREMNÍCH STRATEGIÍ NA VÝKONNOST SPOLEČNOSTI

Abstrakt

Tato diplomová práce zkoumá význam a vliv podnikových strategií na výkonnost podniků. Studie se zaměřuje na případ společnosti SOCAR, přední energetické společnosti v Ázerbájdžánu, a analyzuje strategické iniciativy, které společnost zavedla s cílem zvýšit její konkurenceschopnost, ziskovost a udržitelnost. Studie využívá přístup smíšených metod, včetně revize literatury, analýzy případových studií a rozhovorů s klíčovými zainteresovanými stranami ve společnosti.

Výsledky studie naznačují, že podnikové strategie hrají zásadní roli ve výkonnosti společností, zejména v energetickém sektoru. Diverzifikace, provozní efektivita, společenská odpovědnost firem a mezinárodní expanze jsou identifikovány jako klíčové strategické iniciativy, které pomohly společnosti SOCAR dosáhnout udržitelného růstu a zlepšit její pozici na trhu.

Zjištění naznačují, že správné strategické plánování a implementace společnosti SOCAR pomohly zvýšit její konkurenceschopnost, ziskovost a udržitelnost. Tím, že se společnost SOCAR bude nadále zaměřovat na tyto strategické iniciativy, má dobrou pozici k dosažení trvalého úspěchu i v budoucnu. Studie doporučuje, aby společnosti investovaly do podnikových strategií, které jim pomohou udržet si konkurenceschopnost a dosáhnout udržitelného růstu v dlouhodobém horizontu.

Klíčová slova: Firemní strategie, Výkon, Diverzifikace, Provozní efektivita, Společenská odpovědnost, Finanční výkonnost, Inovace, Leadership, Organizační kultura, SOCAR, Stakeholders.

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1. Introduction

These obstacles can involve alterations in client preferences, the emergence of novel technologies, economic downturns, and intensified rivalry from both conventional and fresh market players. In order to address these challenges, it is vital for organizations to optimize their corporate tactics.

The presence of corporate tactics has the function of long-range planning that guides the decisions, goals, and progress of companies and associations. These tactics can take many configurations, such as expansion tactics, cost leadership tactics, and differentiation tactics, among others. There is an extensive body of literature on the significance and influence of corporate strategies on company performance. However, this dissertation aims to scrutinize the specific tactics that are most effective in propelling business success. By examining case studies of companies that have effectively implemented corporate strategies, this thesis endeavours to pinpoint the crucial factors that contribute to their success.

In the circumstances of the modern market economy, the proficiency of companies to sustain their operations proficiently and proactively depends on the strategic management of companies and the objectives and purposes of the companies formulated against this backdrop, as well as their foresight abilities and their ability to quickly and punctually adapt to changes in the environment. The strategic management process functions as the cornerstone of company management, carrying out a decision-making and executive function in the administration of organizations. An association with superior strategic management abilities is an organization that continues its operations within the framework of a created harmony that feels the need to prepare for changes formed in the environment since it is compelled to think ahead of expansion and development activities. Strategic management is also the ability to learn and manage the confusions and changes caused by the internal and external environment of the company. From this perspective, strategic management means, instead of waiting for the future, to anticipate the future in advance, to steer the future in the direction of the company's interests, and to shape its own future.

Strategic management of companies is the source of ensuring the long-term development of company operations. Strategic management encompasses assessing the opportunities of the market economy, closely observing and reviewing the threats and conflicts formed by the strengths and weaknesses of organizations by carrying out SWOT, 7-S, PIMS, Q-SORT analyses of companies. Strategic management enhances the strength and competitiveness of companies by creating conditions for the information inventory accepted in the general

framework and applied by management theories to produce precise outcomes. At the same time, strategic management has a favourable impact on companies that continue their development strategy and expand the company by ending the crisis period with the least losses. It is an indisputable fact that strategic management is one of the most significant areas in the administration of world-renowned companies in the conditions of the modern market economy.

The research will begin by providing an overview of the different types of corporate strategies that companies can employ. Growth strategies involve expanding a company's market share, while cost leadership strategies focus on reducing costs to improve profitability. Differentiation strategies aim to differentiate a company's products or services from its competitors. From there, the thesis will delve deeper into the specific strategies that have been most effective in driving company performance, such as product innovation, marketing strategies, and strategic partnerships.

One of the distinctive features of this dissertation is its concentration on case studies of enterprises that have triumphantly executed business tactics. By means of a thorough scrutiny of these case studies, the investigation endeavours to recognize the similarities and optimal methods that have added to these enterprises' achievements. By apprehending what has been effective for prosperous businesses in the past, this study can furnish valuable perceptions and direction for enterprises aspiring to enhance their operation in the present-day exceedingly cut-throat commercial milieu.

The research will also examine the potential challenges and risks that companies may face when implementing corporate strategies. For example, implementing a growth strategy may require significant investments, which could strain a company's financial resources. Similarly, a differentiation strategy may require a company to develop new capabilities or technologies, which may take time and resources to develop. The research will aim to identify these potential challenges and provide insights into how companies can mitigate them.

Another vital facet of this inquiry will be to scrutinize the function of governance in propelling the triumph of corporate strategies. Competent governance is pivotal for conceiving and executing corporate strategies that can foster business triumph. Hence, the study will explore how governance approaches, proficiencies, and conduct can influence the potency of corporate strategies.

To achieve the research objectives, this thesis will employ a mixed-methods research design. The qualitative component will involve a review of relevant literature on corporate strategies, leadership, and company performance. The literature review will help to identify key themes and research gaps that will inform the research questions and hypotheses. The quantitative component will involve a survey of managers from different companies to gather data on their corporate strategies, leadership styles, and company performance.

Additionally, the qualitative component will involve case studies of companies that have successfully implemented corporate strategies. The case studies will provide insights into the specific strategies and practices that have contributed to the companies' success. The case studies will be analysed using qualitative data analysis techniques to identify commonalities and best practices that can be applied to other companies.

The research results can also be valuable to business executives, policymakers, and other interested parties who wish to comprehend the factors that influence company performance and sustainability. By detecting the essential factors of business success, the research can aid in directing the creation of policies and strategies that stimulate economic growth and social welfare.

To accomplish the aims of this research, a thorough examination of the current literature on corporate strategies, governance, and company performance will be conducted. The survey data will be analysed using statistical methods to identify the correlations between distinct variables, while the case studies will be examined using qualitative data analysis methods to detect similarities and best practices that can be employed by other companies.

The research database encompasses records of the local corporation SOCAR that operates in the Republic of Azerbaijan, current topics linked to the sector printed in periodicals, as well as papers authored by local and foreign economists in this domain.

Lastly, the thesis will scrutinize the influence of corporate strategies on diverse stakeholders, such as employees, clients, and stockholders. Corporate strategies can produce both beneficial and unfavourable effects on these stakeholders, and it is crucial for companies to acknowledge these impacts when devising and executing their strategies. The research will aim to offer insights into how companies can develop corporate strategies that not only stimulate business triumph but also have favourable effects on all stakeholders. The research will also examine the potential challenges and risks that companies may face when implementing corporate strategies, the role of leadership in driving strategy success, and the impact of strategies on stakeholders. The insights provided by this research can help

companies to develop and implement effective corporate strategies that can drive business success and have positive impacts on all stakeholders.

2. Objectives and Methodology

2.1. Objectives

The objectives for this thesis are listed below:

To scrutinize the notion of business tactics and its function in boosting the operation of enterprises: This aim involves an extensive assessment of the present literature on business tactics, its explanation, and its significance in enhancing the operation of enterprises. The evaluation will assist in detecting the loopholes in the literature and domains that necessitate additional research. Furthermore, this aim seeks to provide a lucid comprehension of the fundamental constituents of business tactics and how they augment the operation of enterprises.

To explore the correlation between corporate strategies and other elements of the organization, such as culture, structure, and leadership, that can influence company performance: This goal seeks to scrutinize the association between corporate strategies and other organizational factors that may have an impact on company performance. By examining this association, the research can offer a deeper comprehension of how corporate strategies can be synchronized with other organizational factors to enhance performance.

This objective aims to evaluate the effectiveness of different types of corporate strategies in improving company performance. The assessment may involve a comparative analysis of the outcomes of different strategies or case studies of companies that have implemented different types of strategies.

To analyse the challenges and limitations that companies face in formulating and implementing effective corporate strategies and to identify best practices for overcoming these challenges: This objective aims to identify the challenges and limitations that companies face in formulating and implementing effective corporate strategies. The analysis will help to identify best practices for overcoming these challenges, such as effective communication, stakeholder engagement, and resource allocation.

The evaluation may involve an analysis of how technological advancements have changed corporate strategy formulation and implementation processes and how they have contributed to improving company performance.

To scrutinize the influence of external factors, such as macroeconomic conditions, regulatory framework, and competitive terrain, on the efficacy of corporate tactics in enhancing company performance: This goal intends to investigate the impact of external factors on the

effectiveness of corporate strategies in improving company performance. The scrutiny may encompass an assessment of how corporations can adapt their strategies to react to changes in the external milieu.

To furnish pragmatic suggestions for companies to ameliorate their corporate strategy creation and execution methods to augment their entire performance: This aim intends to offer practical recommendations for companies to improve their corporate strategy formulation and implementation processes to enhance their overall performance. The suggestions may be grounded on the discoveries of the research and exemplary practices identified in the literature.

To contribute to the prevailing literature on corporate strategy and its influence on company performance by presenting fresh insights and perspectives based on empirical research and analysis: By contributing novel insights and perspectives to the existing literature, this goal can assist in progressing the field of corporate strategy and offer valuable information for companies to enhance their performance. To accomplish these objectives, the research will entail a methodical and rigorous procedure that includes a comprehensive literature review, data collection, and analysis.

The conclusions will be derived based on the analysis of the data and the conceptual frameworks utilized. The research will also offer practical suggestions for companies to ameliorate their corporate strategy creation and execution methods to augment their entire performance.

To assess the role of leadership in formulating and implementing effective corporate strategies and its impact on company performance: This objective aims to assess the role of leadership in the formulation and implementation of effective corporate strategies and its impact on company performance. The assessment may involve an analysis of the leadership styles and characteristics that contribute to successful strategy formulation and implementation.

This objective aims to evaluate the impact of CSR initiatives on the effectiveness of corporate strategies in improving company performance. The evaluation may involve an analysis of how CSR initiatives contribute to improving stakeholder relationships and enhancing company reputation, and their impact on performance metrics such as profitability and market share.

To examine the impact of cultural differences on the formulation and implementation of corporate strategies in multinational companies and their impact on company performance:

This objective aims to examine the impact of cultural differences on the formulation and implementation of corporate strategies in multinational companies and their impact on company performance. The examination may involve an analysis of how cultural differences influence strategy formulation and implementation processes and how companies can effectively manage these differences to enhance performance.

To analyse the impact of strategic alliances and mergers and acquisitions (M&A) on corporate strategies and their impact on company performance: This objective aims to analyse the impact of strategic alliances and M&A on corporate strategies and their impact on company performance. The analysis may involve a comparison of the outcomes of different types of alliances and M&A deals and how they contribute to improving company performance.

To assess the effect of monetary and non-monetary rewards on the execution of business tactics and their impact on enterprise operation: This aim aims to assess the effect of monetary and non-monetary rewards on the execution of business tactics and their impact on enterprise operation. The assessment may involve an analysis of how rewards influence employee drive and involvement and how this affects the successful execution of business tactics.

To explore the consequence of technological upheavals on business tactics and their impact on enterprise operation: This aim aims to explore the consequence of technological upheavals on business tactics and their impact on enterprise operation. The exploration may involve an analysis of how technological upheavals influence strategy formulation and execution processes and how enterprises can effectively handle these upheavals to augment performance.

To offer a comparative study of the efficiency of diverse types of corporate administration structures in boosting the effectiveness of business tactics and enhancing enterprise operation: This aim aims to offer a comparative study of the efficiency of diverse types of corporate administration structures in boosting the effectiveness of business tactics and enhancing enterprise operation. The analysis may involve a comparison of the outcomes of different administration structures and their impact on enterprise operation.

To scrutinize the consequence of macroeconomic factors on the formulation and execution of business tactics and their impact on enterprise operation: This aim aims to scrutinize the consequence of macroeconomic factors such as GDP growth, interest rates, inflation, and exchange rates on the formulation and execution of business tactics and their impact on

enterprise operation. The examination may involve an analysis of how changes in macroeconomic factors affect the strategic decisions of enterprises and how enterprises can adapt their tactics to these changes to enhance performance.

To assess the influence of environmental, societal, and governance (ESG) factors on the creation and execution of corporate tactics and their influence on company performance: This goal intends to assess the impact of ESG factors such as environmental protection, social responsibility, and ethical management on the creation and execution of corporate strategies and their impact on company performance. The assessment may include an analysis of how corporations can incorporate ESG considerations into their strategy development and implementation processes to ameliorate performance.

To appraise the influence of novelty and technology on the creation and execution of corporate strategies and their influence on company performance. The appraisal may include an analysis of how corporations can exploit innovation and technology to devise and implement effective strategies that enhance performance.

To identify the key success factors for effective corporate strategy formulation and implementation and their impact on company performance: This objective aims to identify the key success factors for effective corporate strategy formulation and implementation and their impact on company performance. The identification may involve an analysis of case studies and best practices to identify the factors that contribute to successful strategy development and implementation and how they impact company performance.

2.2. Methodology

The procedures that will be carried out on the methodology of the master's thesis on the significance and consequence of corporate strategies on company activity are enumerated below:

Research design: This technique is particularly beneficial in situations where the research subject is intricate and necessitates a comprehensive examination of multiple factors. Furthermore, the qualitative approach enables a more subtle understanding of the subject matter, offering richer and more comprehensive insights than a quantitative approach.

Data collection: The utilization of primary and secondary sources permits a comprehensive analysis of the research subject. Conversations with senior executives and managers furnish valuable insights into the development and implementation of corporate strategies, while surveys of employees and customers provide a wider viewpoint on the impact of these

strategies on the company's stakeholders. The assessment of relevant literature ensures that the research is based on established theories and concepts, and helps to identify knowledge gaps and areas for further investigation.

Case studies: The application of case studies presents a real-life context for the analysis of corporate strategies and their effect on company performance. By examining companies with thriving strategies, the research can recognize commonalities and best practices that can be utilized by other companies seeking to improve their performance. The selection of case studies is a vital aspect of the research, as it must be based on clear criteria and objectives to ensure that the findings are pertinent and applicable.

Data analysis: The application of thematic analysis allows for a systematic and careful examination of the information gathered. This methodology comprises identifying and scrutinizing patterns and motifs in the data, and interpreting them in connection to the research inquiries and objectives. By embracing a methodical approach, the research can guarantee that the results are founded on the data and are not influenced by the researcher's pre-existing notions or presumptions.

Framework development: The formulation of a framework offers a practical and actionable output for the research. The framework can be utilized by companies to steer their corporate strategy formulation and implementation processes, and by researchers to build on the findings and develop further research questions. The framework should be based on the analysis of the case studies and other data collected, and should be grounded in established theories and concepts.

Validation: The verification of the findings and framework helps to guarantee that they are robust and applicable to real-life situations. Expert validation offers an additional level of rigor and credibility to the research, and can identify any potential weaknesses or biases in the findings or framework. The validation process should be transparent and open, allowing for constructive feedback and discussion.

Recommendations: The recommendations should be based on the findings and framework developed through the research. They should provide clear and actionable guidance for companies seeking to improve their corporate strategy formulation and implementation processes, and should be grounded in the data and validated by experts. The

recommendations should be relevant and practical, taking into account the unique characteristics and circumstances of each company.

3. Literature Review

3.1. Strategy Concept and Definition

When we examine the word strategy, we see that it has many Greek equivalents; We come across them referred to as "stratos" (army) and "ago" (to rule, to direct). It is also known that some Greek generals used Strategos to refer to the art of management. In Latin, "stratum" strategy means road, line, etc. means. It can be said that the definitions of this word generally have very close meanings (Tunchbilek, 2019, p. 1). Our research shows that strategy as a concept originally had military origins. It is the art of directing the movements of the armed forces to achieve the goals set by the decision makers. Strategy is a military concept, but it is used in every field today.

Because the word strategy is related to knowledge, all kinds of resources and skills have become important. Organizations must continually update their understanding of strategy and adapt resources and skills accordingly as the environment changes. The strategy determines how you will adapt to changes in your internal and external environment in the long run. The overall picture of the external environment can be understood. The internal environment primarily emphasizes the features that distinguish one organization from others. Organizations are guided by considering high-level plans and policies (Kosinova et al., 2016, 25).

In general, strategic management consists of three primary phases: strategy development, strategy execution and strategy evaluation. Strategy development involves defining the company's objectives and goals, analysing external opportunities and threats to the organization, identifying internal strengths and weaknesses, setting long-term goals, creating alternative strategies, and selecting a particular approach for the company's work. Strategy development enables businesses to make new business decisions, allocate resources correctly, expand and diversify internal and external activities, potentially enter international markets, establish new enterprises, and eliminate conflicts in company management. As no organization has an unlimited amount of resources, organizational leaders must decide which approach will yield greater profits for the company. Strategy development provides a chance for companies to acquire new products and resources, penetrate new markets, and apply advanced techniques and technology over an extended period of time. Approaches define long-term competitive advantages. Whether beneficial or detrimental, strategic management decisions have multifunctional outcomes and impacts on the company. Top managers have

the ability to fully understand the implications of strategic management decisions. Therefore, they have the power to create the necessary resources for the development of the company's organization.

For a strategy to be successful, it must be communicated to all employees, made the strategy the most important goal for everyone, and necessary changes must be successfully implemented. In this context, it is very important to work harmoniously to ensure compliance with the environment, which is commonly expressed in strategic management. Consensus is essential in working with a proactive approach to understanding environmental change and making the necessary analysis, drawing conclusions, understanding the conditions and striving for future success, not with a do-it-yourself approach. Strategies provide very important contributions in terms of analysis and integration, improved management, realization of positive change and organizational development (Chubukcu, 2018, p. 78).

Firms should monitor the competitive environment in their industry to achieve their goals. Strategy is a set of long-term, variable decisions to achieve the goal set by the competitive environment. For this reason, strategies have a very dynamic structure and focus on the desired result in order to adapt to changing external environmental conditions. The strategy is determined long-term. The long term is the longest predictable period and may vary depending on the business line the firm is in (Ulgen and Mirze, 2016, p. 33).

The execution of the strategy includes, primarily, the identification of the annual objectives of the organization, the creation of the plan, the inspiration of the employees, and the allocation of resources for implementation. The execution of the strategy involves the establishment of a formulated strategy for the organization. The aforementioned development encompasses nurturing the internal culture of the company, creating an effective organizational structure, guiding marketing efforts, devising a budget plan, and developing and utilizing the information system. Strategy execution is commonly referred to as the "action phase" of strategic management. It requires mobilizing employees and managers to carry out the formulated strategies. It is also frequently regarded as the most challenging phase of strategic management, and it demands individual self-discipline, accountability, and dedication. Successfully executing strategic management is more of a skilful science that relies on managers' ability to motivate their staff. Formulated strategies that are prepared but not executed do not yield a successful outcome. International relationships are also vital in executing a successful strategy. The execution of the strategy

has a direct impact on shaping the work of all employees and management within the company.

Strategy is crucial to a company's survival and competitive advantage. An organization without a strategy is a directionless organization. Strategy makes critical contributions by providing organizations with the ability to consciously adapt to changing environmental conditions. The failure of an organization that does not have a strategy suited to changing environmental conditions, just as a shooter cannot hit its target in the dark, is an inevitable outcome (Acar, 2003, p. 3; Cevik, 2001, p. 309).

Strategy evaluation is the last stage of strategic management. Since the external and internal environment of the organization is constantly changing, the elements of strategic management also change frequently. There are three main strategic evaluation methods. These include: reviewing internal and external factors that underlie existing strategy, measuring performance, and implementing corrective actions. Evaluating strategies is very important because today's success is not a guarantee of tomorrow's success. In order to understand strategic management, it is necessary to mention three theoretical foundations:

- Classic strategic management process model - this approach is a strategic management model that is typical of companies with industrial economy. The approach involves an enterprise and environment analysis (SWOT), strategy formulation and implementation.
- The second is a resource-based approach—an approach that involves capturing and managing the resources a company needs to sustain its competitive advantage.
- The third is an approach to analysing and managing stakeholder relationships—stakeholder perspectives lead to the formation of mutually beneficial contracts with companies. Successful management of these relationships and partnership network affects the increase of the company's competitive power.

Strategy is like a guide for an organization and its employees. Establishing relationships between an organization's external and internal environments enables you to efficiently manage the organization's resources and make better decisions by ensuring that scarce resources are used most efficiently and organizational goals are achieved in the most efficient way. This guidance is also extremely important for employees. Uncertainty about the future negatively affects employees. Strategy enables employees to better understand their organization, reality, future and improve performance. This motivates the employees more strongly (Sevinc, 2014, pp. 227-228).

One of the main foundational parts of strategic management is the concept of strategic thinking. Strategic thinking, which is one of the main components of strategic management, is a way of thinking that allows you to see the big picture surrounding the enterprise and its competitive environment and determine the company's development potential in the long term. Strategic thinking is both the beginning of strategic management and a management skill needed at all stages of strategic management. In other words, the ability to think strategically is the ability to adapt to changes in the environment, analyse the results, refine existing proposals and make new proposals. Strategic thinking is used for the formation of creative directions of strategic management. In more detail, strategic thinking can be defined as the ability to predict the organization's action plans and the results of these plans in the future, which are shaped by factors of change, transformation, and competition. Ohmae, who was one of the first to start thinking about the concept of strategic thinking, in his work entitled "The Mind of Strategist" evaluated strategic thinking as a formula that forms flexible logic in the direction of effective analysis, finding the right problems and solving them without depending on anyone. This kind of logic requires the development of a three-dimensional analytical skill, taking into account both the past, the present and the future, and a continuous analysis of the environment. Strategic thinking is a way of thinking that is focused on discovering competitive strategies for establishing an organization in a different and more important place than its past, and in doing so compares opportunities and resources. This way of thinking acquires data, analyses it, and uses it to develop companies' strategies, make decisions, and develop strategic plans. According to Jeanne Liedtka, the concept of strategic thinking is actually understood by many writers as just thinking about strategy, but in fact, it is a broad way of thinking that requires the ability to consider events from a single point of view, to be goal-oriented and to be able to think in time. Based on the thoughts of Jeanne Liedtka, Goldman expressed the idea that strategic thinking consists of four main elements: goal orientation, management, opportunity orientation, and system orientation.

Ingreed Bonn, one of the important researchers working in the concept of strategic thinking, defined strategic thinking as a tool for solving uncertainty and strategic problems based on systems thinking, creativity and broad vision. Pisapia expressed the components of strategic thinking as experience-based, reformulation and systems thinking:

- Based on experiences: It is a strategic thinking skill that can foresee the current state of the company and what it will be in the future and realize new ideas in this situation.

- Reframing: A new way of looking at events is a conscious activity that draws the organization's full attention to logical perspectives to form new courses of action.
- System thinking: A change in any part of the system expresses the awareness that it will lead to changes in other elements of the system.

Liedtka's model in strategic thinking-analysing strategic thinking creates opportunities for ideas and relationships for new interconnected opportunities. It is more creative to stop a critical decision making an effort to think. With this in mind, Liedtka proposed the strategic thinking model of mutual attributes. According to the model, there are five main elements of strategic thinking. These include the following:

- The first element is the systems perspective: strategic thinking reflects a system or holistic view, while recognizing how the different parts of the organization affect each other.
 - Intention-centred: the continuous formation and regeneration of intention guides and drives strategic thinking.
 - Thinking in time: strategic thinking is not only viewed as a future-oriented activity, but also directed at the gap between the current reality and the future intention.
- Hypothesis-oriented thinking: creating and testing hypotheses is a key foundational activity of strategic thinking. Evaluating opportunities: strategic thinking skills are aimed at evaluating existing opportunities and allow evaluating alternative strategies that may emerge in a rapidly changing environment.

There are many reasons that can encourage strategic thinking within companies. First, organizations need systems to use to discover and value strategic ideas. For this reason, they need an environment where staff can periodically share their ideas with top management. Apart from that, it is also possible to use online suggestion boxes that can facilitate the collection of ideas. Second, personnel operating within the company should be encouraged in the area of strategic thinking and such behaviour should be valued. Third, elements of strategic thinking should directly integrate the strategic planning phase. Fourth, employees and managers can be given different experiences in how to think strategically. Fifth, and most importantly, a risk-taking environment that does not harshly punish failure must be fostered within the company.

In modern market conditions, it is impossible to imagine the existence of companies without their inherent strategic management. As noted scholars Joel Rose and Michael Kame say, "A company without a strategy is the same it is like a ship floating aimlessly around a circle."

In this regard, strategic management for modern companies consists of 3 main parts. These include 1-strategic planning, 2- strategy implementation, 3-company strategy management. Also, companies have started to use modern solutions of strategic management in order to reach their high development levels. Modern strategic management should help the company find a way out in solving the following problems:

- Determining the directions of globalization: At present, almost all companies are globalizing in different directions in business management. Companies use the methods of various multinational cooperations or other foreign companies in the direction of globalization. From this point of view, modern strategic management should in principle be renewed every time to achieve new directions.
- Emerging e-commerce and Internet culture: Due to the increasing expansion of the Internet and technology, some companies have shifted their focus to e-commerce, which includes e-sales, e-consultation, which are related to e-business. In this regard, the concept of modern strategic management should create conditions for the application of the electronic stimulation system in companies.
- Organization of sustainable competitiveness: After the emergence of globalization, electronic commerce and other elements of development in the business environment, the competition between companies has become more acute. Failure to choose a competitive strategy can result in the company's failure in the long run. Modern strategic management should help to create the competitiveness of the company, at the same time, it should foresee the actions of competitors and create conditions for the formation of a corresponding strategy.
- Diversification: The growing uncertainty and uncertainties in the business environment have led to an increase in business risks in companies. Therefore, companies are currently trying to reduce business risks by diversifying their activities in more than one area. should be skilled in management.
- Active pressure group: There are a number of active pressure groups that operate within social society and provide protection for the environment and consumer rights. Therefore, management based on strategic management should identify those pressure groups and consider their demands.
- Motivating cooperative social responsibility: Also, in the competitive environment of the modern business environment, they have begun to give importance to their

cooperative social responsibility in a broad sense. Modern strategic management should help companies to realize the necessary cooperative social responsibility.

BAIN, one of the most famous management consulting companies in the world, conducted research in thousands of leading companies every few years and presented a list of 25 most popular modern strategic management tools.

In the conditions of a changing market economy, companies must constantly monitor their current situation and be ready for new equilibrium situations in order to continue their activities. The rapid and constant change of the world economy has a significant impact on all sectors and in the short term makes existing goals and strategies worthless and inadequate. In our changing world, the rapid growth of information that is updated every day constantly develops technology, which in turn has a positive effect on consumption and production, constantly increasing the speed of change. In the current conditions, the ability of companies to continue their activities depends on knowing the conditions of the environment in which they are located, fulfilling the market demand, identifying their differences from competing companies, being more flexible and being able to easily adapt to the current situation by being able to respond more flexibly to changing conditions.

3.2. The importance of corporate strategy

As everyone agrees, in today's fierce competition conditions, businesses need to determine their goals, objectives and methods that will make it possible to reach them. This process should be carried out with a long-term and future-oriented perspective.

Here, management with strategies includes the preparation of the operating budget in a way that expresses the long-term goals and objectives and priorities, the allocation of resources according to these priorities, and ultimately accountability. In this sense, strategic management is future-oriented efforts. How the future is viewed is expressed with the vision, and the future efforts are embodied by the mission. In addition to knowing the opportunities and threats from the external environment of the business, it also requires being aware of its own strengths or weaknesses (Guner, 2004: 42).

Today, the purpose of strategies in terms of businesses is stated as ensuring that the organization can achieve the desired results in an environment of uncertainty. Because, strategy enables an enterprise to be opportunistic in line with its purpose (Helvacı, 2005: 169). This opportunism provides companies with a comparative advantage in the intense competitive environment.

In this respect, strategy is about long-term elections. Plans that reflect strategic thinking into practice include the scope, purpose, resources and duration of the audit in the enterprise. It systematically shows the tools to be used with the formulation of goals and objectives (Okur, 2007:74). This close relationship between strategy and plan has led to the widespread use of strategic management in today's modern management.

Today, the concept of strategy in management, which includes predicting the future by planning long-term periods for the future, has started to be discussed very often in the business management literature. Thanks to management with strategies, businesses have started to get the opportunity to prepare for the future in a systematic way. (Akçakaya, 2003:235). This situation has caused the concept of strategy to gain importance all over the world, especially in multinational enterprises.

A business without a strategy is a business that cannot see ahead and has no direction. Daily routines cannot create a suitable and harmonious goal. Strategy is used to create a focus, harmony and purpose for an enterprise by developing plans, manoeuvres, models, positions and perspectives that will guide strategic action (Cevik, 2001:309).

Today, depending on the strategies determined by the enterprises, their organizational structures are also changing. The organizational structure needs to be allocated in a way that is based on teamwork, resources are innovative, responds quickly to the developments in the external environment and enables a flexible activity. The mission environment of a business is generally defined as the industry in which it operates. The social environment, on the other hand, includes forces that do not directly affect the activities of the enterprise in the short term, but have a general structure that are effective in long-term decisions (Cinar, 2010: 1). Most of the current concepts of strategy were developed in the first half of the twentieth century. Taylor, for example, carried out his studies on efficiency, his research on rapid growth forecasts and techniques measurement in the 1930s.

Studies on strategic management in the literature are increasing, especially after the 2000s. However, this does not mean that there is no need for further work. In particular, there is a need for studies on how organizational structures can more easily adapt to strategic management and be successful. (Cubukcu, 2018:75). For this reason, it is thought that our study will make an important contribution to the strategic management literature.

Zarb (2015, p. 247) found that the strategic planning function in the education sector in Malta was inefficient due to the lack of attention to participation, which prevented success in strategic management. Alpkan and Doğan (2008, p. 39) examined the effects of strategic

management process components on the organizational performance of organizations in their study titled “The Effects of Strategic Planning Process Components on Firm Performance”. The study was conducted in the form of a questionnaire by interviewing 400 managers from 1200 companies in Kocaeli. According to the findings obtained from the analyses, a positive relationship was determined between almost all strategic management process components and corporate performance indicators. Accordingly, each stage of the strategic management process has a separate contribution to corporate performance. Neglecting any of its stages causes a negative impact on one or more aspects of institutional performance.

Sumiati, Rofiq and Pramono (2019, p. 230) investigated the effects of internal environment, external environment, strategic planning and strategic flexibility on the adaptation of organizations to the market in their study on small and medium-sized enterprises in Malang, Indonesia. As a result of the research, it has been determined that the internal environment, external environment, strategic planning have a positive and significant effect on the adaptation of the organizations to the market. When we look at the understanding of management, it is seen that organizations are constantly improving in order to respond to the needs of society and to continue their lives. Particularly noteworthy development in this development is the increasing adoption of participatory and horizontal structuring instead of bureaucracy and vertical structuring. This situation is valid in the private sector as well as in the public sector. Other remarkable points in this change can be summarized as performance orientation, transparency and customer or citizen orientation. The most advanced state of this development in the understanding of management is the principles of strategic management. Although significant progress has been made in the field of strategic planning in the strategic management process, this level of success has not yet been achieved in other stages (Kirilmaz, 2014, p. 287-290).

With the "Capacity Building in Strategic Management Technical Assistance Project Revised Draft Gap Evaluation Report" prepared within the scope of the "Capacity Building in Strategic Management Technical Assistance Project" for the Ministry of European Union and Development on the subject, important determinations were made regarding the reasons for not achieving sufficient success in the field of strategic management in the public sector. In our country, two different ministries have authority in terms of coordination and studies related to strategic management. While the implementation and coordination of the strategic plan is related to the Ministry of Development, the budgeting of the strategic plans is related

to the Ministry of Finance. This fragmented structure causes disruptions in the implementation processes of strategic plans (Nicolaas Witsen Foundation, 2013, pp. 22-23). In his study, Sakin (2018, pp. 88-93) investigated the problems that make it difficult to implement strategic management in the public sector. As a result of the study, some problems were identified in strategic management practices in the public sector. He stated that the involvement of several institutions in the implementation processes in the public sector causes various problems in the implementation processes and this makes it difficult to identify the causes of failure. However, the source of the problems is grouped as legal, structural and administrative. The items are briefly summarized below:

1. Legal issues are briefly listed below:

- Conflict between the goals of the employees and the goals of the organization
- Having an employment guarantee
- Determination of the budget according to the current year

2. Structural problems are briefly listed below:

- State centralized structure,
- Regarding the strategic management process, the Ministry of Finance for the budget,
- Having three separate institutions, the Ministry of Development for planning and implementation, and the Court of Accounts for auditing.
- Rapid change in senior management
- Making political decisions that are not in line with strategic plans.

3. Administrative problems are briefly listed below:

- Insufficient support from top management
- Strategic goals are not clear and measurable,
- Lack of participation in the preparation of strategic plans.

3.3. Strategy Types

Firms are at the stage of knowing the environment with external environment analysis, knowing themselves with internal environment analysis and determining strategies according to their mission, vision, purpose and values. Strategy is a constantly updated plan that an organization creates by considering the opportunities and risks of the external environment in order to achieve its goals. It is important for organizational subunits to define strategies that fit these strategies, but what they can do is still within their unit's jurisdiction.

For this reason, three basic elements that should be considered holistically at all management levels and should be formed in all strategies can be summarized as follows:

- It is agreed on exactly what the organization will do.
- We agree on how the organization will do this.
- The purpose of the organization is clarified without any question marks.

While working on strategies at all management levels, strategies are developed especially for expansion, contraction or preservation of activities. More detailed information about these strategies, which can be found in the literature as basic strategies, is given below.

3.3.1. Main strategies

It deals with identifying the activities an organization must undertake to maintain its competitive advantage. In other words, the organization is all about deciding what to do in which market and how to do it. Therefore, basic strategies are applied when an organization needs to change its current operations. The following are the main implementation strategies (Ulgen & Mirze, 2016, p. 221).

Growth Strategy: These are the strategies that are always desired by the organizations and show that they are in a good and successful position in the sector. Growth can be achieved by applying it in different ways. It can be done by adding new goods and services to the existing business in the field of activity, such as entering new markets. In addition, in this strategy, increasing the amount is always kept on the agenda.

When a growth strategy is implemented at the top management level, it is also known as a diversification strategy. In this way, organizations take advantage of the opportunities in the external environment and enter new business areas. When the new goods or services are goods or services in the organization's field of activity or similar, it is called relevant diversification, and if it is in a completely different field, it is called irrelevant diversification. In relationship diversification, organizations are strong in their current operations and can expand them with new products. Therefore, it is possible to put this product on the market at a much cheaper price and in a much stronger way than new organizations. On the other hand, irrelevant diversification may occur in other areas of the business, for example due to the emphasis on monetary surplus over brand equity.

Downsizing Strategy: Contrary to growth strategies, it can be defined as abandoning a part of the production of existing goods and services or producing the same goods and services in reduced quantities. When a downsizing strategy is implemented at the management level,

it is also called an exit strategy. The organization ceases some or all of its activities. For example, it can be applied when an organization loses its competitive advantage in some line of business and it causes a decrease in the demand for goods and goods when it is desired to find a more profitable line of business and divert its financial resources to another business. Some pullbacks are due to organizational failure, while others are due to changes in the external environment. If this is caused by an organizational failure, it may be better for the organization to take action and continue its activities. In this case, instead of stopping the activities completely, it may be requested to stop some activities "temporarily", to take corrective actions in the internal environment and to continue the activities with an increase in efficiency.

Stable Strategy: This is a relatively low-risk strategy. It is valid when an organization has a successful market position and expects this success to continue in the future (Sevinc, 2014, p. 222).

This is a hedging strategy that firms use to maintain their current market share in emerging markets. This is considered a viable strategy if the external environment is not changing rapidly, market conditions are favourable, and external economic conditions are stagnant. A static strategy aims to keep the firm competitive. Maintaining the current situation is essential in the stagnant strategy. There are things that need to be done to achieve this.

In this way, it is possible to preserve the current situation. It is a strategy for organizations that are well positioned in growth markets and can benefit from economies of scale.

In a stationary strategy, without major changes in the organization. The status quo is tried to be maintained by making a few changes in activities. In other words, the production of goods and services does not change much. This strategy is suitable for organizations in markets with high market share and mature lifecycles. However, this is not a good strategy in slow growing or declining markets (Kose, 2008, pp. 41-43).

Mixed Strategy: In this strategy, it means that organizations have more than one core strategy at the same time. Different units of an organization may implement different strategies. For example, an organization's production and marketing departments may prefer a growth strategy, while accounting and finance departments may prefer a downsizing strategy. Another alternative would be a type of strategy implemented within the same unit, such as reducing production of some products and increasing production of others, in other words, an organization may choose to downsize in one market and expand in another. Conditions

such as organizational environment, market history and economic conditions may require the implementation of such strategies (Akpınar, & Yilmazer, 2016, p. 1412).

These described strategies are also expressed by many different names in practical application. For example, dependent or independent; related or unrelated depending on the relationship between the goods and services for which the strategy is established; When producing a new product, a complementary product in the horizontal direction, an advanced product or a reverse product in the vertical direction, depending on the connection with the existing product.

3.3.2. Competitive strategies

The competitive strategy developed by Porter is also endorsed and widely used by experts in contemporary strategic management approaches.

It is a strategy for how an organization will compete with its competitors in the markets in which it operates. These are the strategies applied to gain competitive advantage and gain customer loyalty. When it comes to competition, the first thing you should definitely consider is your organization's competitors in the market. However, there are other aspects of competition to consider. Porter explained that there are five types of competitive forces that drive organizational behaviour (Porter, 1998, p. 4): Competitors in the field of activity, potential competitors, substitute products, bargaining power of suppliers of goods and services, bargaining power of buyers of goods and services.

Porter explained that companies with both weaknesses and strengths against their competitors can gain competitive advantage in three ways and defined it with generic general competitive strategies. Here, the term generic means a basic type of competition that enables a firm to outperform its competitors in its market segment (Dincer, 2013, p. 198). In cost leadership strategy, the organization's strategy is to bring products to market at the lowest price without sacrificing quality. In this context, all activities that will help the company reduce its costs are investigated and necessary measures are taken. In fact, it is a strategy developed in the form of cost reduction through practices such as working at scale and effectively, reducing waste, increasing efficiency, avoiding unproductive customers and controlling costs. A cost leadership strategy provides an opportunity for an organization to generate above-market returns by assessing its current competitive strengths and gaining cost advantages. These are the strategies that an organization can implement with economies

of scale and are based on maintaining this position of the organization (Peker et al. 2016, pp. 13-14).

In the differentiation strategy, the organization's product, marketing, sales, etc. It is at the forefront of using its advantages in different areas to produce products that are valued by customers with different characteristics from the market and to achieve higher results than the market averages by selling these products. For this reason, surveys are made using value chain analysis methods, and product features, product marketing methods, product distribution methods, technical services, etc. Strategies that outperform competitors in all aspects are extracted. In addition, value-added cooperation strategies are considered with suppliers, customers and other stakeholders. In this way, strategies are developed that will give privileges to customers and highlight the qualities they value (Dess et al., 2014, p. 72). Firms often adopt cost leadership or differentiation strategies to be successful. However, in some cases it uses a focus strategy in addition to these strategies. Focus strategy refers to the focus on the conditions under which cost-effective and differentiation strategies are created and executed according to the needs and expectations of specific customer groups rather than the market as a whole. In other words, focus strategy refers to the market width of the activity. Focusing can generally be achieved in the following ways (Mirzayeva & Turkey, 2016, p. 76):

- Geographical addressing of certain regions,
- Addressing specific customer needs
- To produce products with different features.

The biggest benefit of the above-mentioned focus strategy is that it provides profitability and competitive advantage to implementing organizations over the market. For large firms, entry into smaller markets may not be profitable or in many cases may be overlooked. Therefore, a focus strategy can be a crucial advantage for smaller organizations. However, this advantage only applies to relatively small markets. As the market grows, this advantage may be lost as large organizations above a certain size follow the same strategy.

3.3.3. Other strategies

There are various strategies that an organization can implement. Separate strategies are created for each part of the organization. For example, in an effective marketing management, first the market is researched, after the customer structure and the structure of the competitors in the market are understood, decisions related to the product to be offered

to the market are taken. When it comes to the product, factors such as quality, product design, production methods and origin are taken into consideration. In the next stage, the product is delivered to the customer. Next, it should be determined how to communicate with the target customer group. In the field of finance, strategies are developed on issues such as organizational liquidity, liability structure, sales targets, and cost of capital. Each department can create its own separate strategy for each organization. Similar to marketing and finance, there may be functional strategies related to all functions of an organization such as accounting and human resources. These strategies require more research and technical knowledge. The scope of this study is not wide enough to examine all types of strategies.

3.4. Goals and Objectives of Corporate Strategies

A goal expresses the state that an organization wants to achieve in the future. Defining objectives is the stage that precedes the beginning of the strategic management period. The goal creates the basic conditions for the reorganization of the organization and the formation of new strategies to achieve future goals. Goals are considered to be the results that companies are trying to achieve in the long term. Goals include short-term milestones needed to achieve goals. Another feature of goals is that they are more clear and measurable. Goals are an element that guides companies' strategies and plans, and at the same time, they play a major role in the formation of goals. In general, the objectives are divided into two parts. Short-term goals are specifically aimed at achieving results in 1-2 years, and long-term goals are aimed at achieving results in 3-5 years. There are two main differences between them. The first is undoubtedly the time difference between the activities, and the second is related to the program and budget that indicate what, how and when, and by whom, the short-term will be implemented. The company's strategists determine whether the goals will be long-term or short-term. Employees of an organization and a company also have separate goals. It is unacceptable for everyone to realize their individual goals within the company. For the realization of personal goals, it is necessary to form common organizational goals that all staff will be satisfied with. Companies can be understood as a system of common goals that value conflicting goals. In general, the goals of companies in terms of strategic management should have the following characteristics:

- Objectives should be clear and unambiguous: Clear and unambiguous objectives reveal exactly what needs to be accomplished, by whom, and by how long. It prevents misjudgements and misunderstandings between company leaders and helps all

employees know and implement their expectations. Long-term and top-level management goals are more specific, while lower-level goals are more open, clear, and specific.

- Goals should be realistic and attractive: Goals should be realistic and attractive enough to motivate the staff. If the goals are not realistic, the staff may not take them seriously. The goals should not be in a form that can be easily achieved for the staff and should constantly create motivation among the staff to achieve those goals.
- Goals should be flexible: Goals may lose their realism and relevance as the environment changes. It is important to reformulate goals and make necessary changes in order to adapt to unexpected changes in the environment, especially the challenges posed by threats and opportunities. In this case, necessary changes should be made in the strategies that help to achieve the goals.
- Goals should be measurable: Goals should be specific and quantifiable. The best thing about being able to express it quantitatively is that everyone knows exactly what their duties are. In this case, the staff knows exactly the result expected from them.
- Short-term and long-term goals should be distinguished: Long-term goals describe the company's mission and the state it wants to reach in 3-5 years. Medium and short-term goals are related to annual, monthly, weekly goals that can be achieved in less than 3 years, and goals help to achieve goals in the long term.
- Objectives must be internalized by the organizational staff: Objectives must be fully disclosed to the staff and efforts must be made for their acceptance. For this reason, the goals should be disclosed to the staff, uncertain situations should be clarified, and their courage and dreams should be increased.
- Goals should be motivating: If employees know what the financial and moral benefits will be if the goals are achieved, they can increase their efforts and energy in this direction.
- Goals should be consistent with each other in every area. The vertical and horizontal alignment of goals within a company makes the company more successful. Otherwise, they become the basis of misunderstandings and disputes.

In terms of strategic management, companies have two main goals. The first of these are economic goals, and the second are social goals. Optimum profit from the company's activities is the foundation of economic goals. There is a connection between the company's

activities and the goals of the interest circles, and social goals have appeared for this very reason. Economic goals have a superior influence on the direction of activity of most organizations. Economic goals form the basis of clearly and concretely formed goals that guide the activities of entrepreneurs. The main goal of companies is to get a long-term profit from the resources they use. This goal was the sole direction point of economic firm thinking in the times when capitalism was very strong, and all the books written in this direction were formed in the direction of "maximum profit". From the point of view of strategic management, the formation of goals is especially based on the sources from which they appear.

After determining the sources of goals, let's consider what the goals of companies are in terms of strategic management, and what sub-goals arise in this regard. According to Drucker, goals can be defined in 8 different areas in companies. These are: 1) Market identification, 2) Innovation, 3) Productivity, 4) Financial sources, 5) Profitability, 6) Social responsibility, 7) Forming and developing the workforce, 8) Physical resources. As you can see, the first five of them are included in the group of basic economic goals. The strategic goals for the strategic areas are as follows:

- Defining markets: To increase the market share by 15% in each production area or to be number one in the market with the aim of improving the quality of goods and services.
- Productivity: To reduce production costs by 5% during the period of consumption or to make the company in a better position by increasing profits.
- Financial sources: Protecting strong financial sources make.
- Forming and developing staff: Staff to increase profitability among, to organize a safe, encouraging and effective work environment.
- Innovating: Leading in innovation by spending less than 7% of sales.
- Social responsibility: Staying true to the goals of society while realizing personal goals, using resources to constantly develop the society in which you live.
- Profitability (profitability): To maintain the rate of return on one's investment at the rate of 20% per annum.
- Physical resources: Using work or products that have no effect on the purposes listed above.

Companies have to find new sources or update existing sources to meet the conditions of the day and seek new markets to have a say in the existing markets in order to maintain the profit

obtained in their activities. In terms of strategic management, it is important for the company to adopt the following economic goals in order to maintain its long-term profitability and grow:

- Desire to sell existing products at least in existing markets: To continue to increase sales volume in a manner that will enable it to at least maintain its existing position in the selected market.
- Productivity: To improve the situation by implementing cost-reducing and income-increasing measures in order to achieve the best level of activity, in other words, to constantly increase the total income within the existing production activity and to achieve a better use of the raw materials and services received.
- Cash flow: Provide the necessary resources to replace obsolete equipment, increase revenues and re-enter the market, in other words, enter "auto finance".
- Net profit: Gaining new investments by increasing the amount of value obtained as profit or operating income.
- Product variety: Continue to increase product ranges for new and existing markets.
- To increase the number of customers in existing and new markets to continue: To calculate the percentage of competition with direct competitors. Seasonal or cyclical (fashion, etc.) fluctuations in sales take protective measures against causative events.
- Ending some unprofitable activities: Technology renewal leads to abandoning the production of some products first of all.

The above-mentioned long-term strategic goals are part of the profit goals of each organization, and also serve the goals of organizing the existence and development of companies such as "growth", "reliability and flexibility". Organizations' non-economic or social goals are directly related to the company's environment. The circle of companies includes interest groups. The main interest groups of the companies are the staff, customers, state and local organizations and the people. The non-economic goals of companies are shaped by environmental influences and demands. Some of the effects from the environment are related to the work of the companies. In this case, the effects from the environment are formed in two groups:

- a) Influences from outside the companies: Non-economic goals can actually have a limiting effect on the company's economic goals. For example, the state can limit profitability by passing a restrictive law. The most important of the external

influences of companies is related to the wishes and needs of unconditional customers.

- b) Structures formed from within the companies: The effects formed from within the companies are related to non-economic company goals and staff characteristics.
- c) One of the most important problems related to the goals is the creation of a connection between the goals, that is, their harmonization. The most important feature in goal alignment is the factors in the list of goals. These factors include: 1) past and present situation of companies, 2) resources, 3) personal qualities of company owners, 4) social influence from the environment and ongoing events, 5) characteristics of the competitive environment and opportunities available in the economy.

As for the tasks of strategic management, in the conditions of crisis and instability in the environment in which the enterprise operates, any advanced management cannot act as a guarantor of success. In many cases, achieving successful results requires a certain period of time. Thus, the environment of the enterprise has the ability to form unforeseen problems in front of it. The high professionalism of the managers is observed precisely in such conditions in the protection of the enterprise from crises and the preservation of its position in the business with as few losses as possible:

- Study of the company's activity type and development strategy formation.
- Development and implementation of strategies in accordance with the intended goals.
- Effective implementation of the current chosen strategy.
- The work carried out and the situation in the base evaluation, achieving further improvement of goals and strategies.
- Conversion of general selected objectives into applicable work directions.

As for company managers, their main tasks in terms of strategic management are primarily to determine the need for strategic changes within the company and to implement it. The second task is to create an organization that facilitates strategic changes. As for the third task, it consists of the selection and proper formation of the staff capable of implementing strategic change. In general, the tasks of strategic management can be combined into 3 main groups. Tasks related to the company's activities: These tasks are directly directed to the meeting and regulation of consumer demand. 2. Tasks common to the companies themselves: This type of tasks is related to the reconciliation of interests that allow the companies to achieve their

goals. 3. Public institutions and tasks related to the environment: This type of tasks is related to the implementation of CSR of companies in front of the environment and public society. Correctly choosing the mentioned goals and tasks and implementing them at the right time and in the right conditions will create conditions for the formation of development perspectives of the company and the correct organization of the company in terms of strategic management.

In order for companies to continue their activities in a stable and growing direction in the changing and rapidly developing market economy, first of all, special attention should be paid to strategic management, which determines the future of all the company's activities and ensures the longevity of the company. As mentioned earlier, a company without a proper strategic management system is like a ship without a port in the open sea. It should be noted that many local and foreign companies have managed to stay afloat in the crisis situation thanks to strategic management decisions that include marketing, human resources, and finance. is defined. First of all, I should mention that the modern strategic management system requires more flexible, accurate and visionary decisions. For the development of strategic management in Azerbaijani companies, regular care should be taken on the country's side. The strategic road map implemented for this purpose is very important for companies to form future strategic management activities. Although the program has its shortcomings (which include problems such as the low level of interaction between internal institutions and the loss of foreign investment), the long-term strategic development program of the country, especially in the private sector of the country, in terms of strategic management and rapid development. will cause. At the same time, companies can further increase their profitability and competitive endurance by using the BAIN technologies that are currently widespread in the world. The following proposals can be put forward as steps that will encourage the strategic development of the country's companies by the state:

- Creation of free trade zones
- Application of free competitive environment for strategic development of companies
- To help the long-term operation of newly created companies
- implementation of a simplified tax system
- Increasing the flexibility and efficiency of state structures. Examples of such structures as Easy Service, E-gov, and e-social
- At the same time, attracting foreign investment to the country by the state can make a positive contribution to the strategic management of local companies.

Currently, the following are the suggestions that the country's companies can implement for their development in terms of strategic management.

Application of the Adaptive Strategic Management Program used in world practice in the country's companies can bring positive results. Thus, the Adaptive Strategic Management Program used by large oil companies such as BP is an existing system created for the purpose of reaching the strategic goals and objectives set by the companies for the first time when change and uncertainty occur in the companies, and to be able to continue their successful and competitive activities. will help to adapt to changes.

Companies should be inclined to modern techniques and technologies. So, in the conditions of the changing market economy, the main goal of the companies is to obtain high profitability at the expense of small funds. For this reason, it is based on world experience to ensure the transition to multi-functional equipment and technology.

Companies should be inclined to foreign investment in order to ensure the sustainability of financial resources. This will help companies to get out of the situation during any economic crisis that will arise in the country.

Companies will achieve rapid and timely development by using strategic management models such as "Blue Ocean" and "Agile".

Expanding the use of BAIN technologies in the country's companies will create conditions for better quality and faster service.

4. Practical Part

4.1. Introduction of The Research

Business strategies are the plans and actions that lead a corporation towards accomplishing its objectives and goals in the long term. These approaches enable organizations to anticipate and react to market, technology, and competitive changes while ensuring their sustainable profitability and growth. In today's competitive business world, a company's success heavily depends on how effective its business strategies are.

This research aims to analyse the significance and influence of corporate strategies on the performance of SOCAR. The study will investigate various types of corporate strategies that the company implements and factors that affect their success. Additionally, the research will assess how effective corporate strategies can enhance SOCAR's performance, market share, and profitability. SOCAR is a state-owned oil and gas company in Azerbaijan, also known as the State Oil Company of the Azerbaijan Republic, that was established in 1992 after the Soviet Union collapsed, and Azerbaijan became independent. Its primary activities include exploring, processing, producing, marketing, and transporting oil and gas resources. The company operates in Azerbaijan, Georgia, Turkey, Romania, Switzerland, and Ukraine, and also owns and operates oil and gas pipelines, storage facilities, and processing plants in these countries.

SOCAR is one of the largest oil companies in the Caspian region, and it is the primary producer and exporter of oil and gas from Azerbaijan. The company collaborates with major international oil and gas companies such as BP, Total, Chevron, and ExxonMobil, and is involved in the petrochemical industry and other sectors like banking, telecommunications, and real estate. SOCAR fully belongs to the government of Azerbaijan and plays a significant role in Azerbaijan's economy, increasing the country's presence in the global energy market. SOCAR has developed its corporate strategy for 2035, which is a comprehensive plan to ensure long-term sustainable growth and become a leading global energy company. One of the critical elements of SOCAR's Corporate Strategy 2035 is diversification. The company plans to expand its business lines beyond traditional oil and gas activities and invest in renewable energy, chemical production, and petrochemicals. This diversification strategy will help SOCAR hedge against the volatility of the oil and gas markets and enable it to take advantage of growth opportunities in other sectors. SOCAR also plans to expand

geographically, particularly in the emerging markets of Asia and Africa, to diversify its portfolio and reduce risk.

Another vital aspect of SOCAR's strategy is technological innovation. The company recognizes the significance of keeping up with the latest technological advancements to remain competitive in the global energy market. SOCAR plans to invest in digital technologies such as big data analytics, artificial intelligence, and the Internet of Things (IoT) to optimize its operations, reduce costs, and improve efficiency. The company aims to become a data-driven company, utilizing advanced analytics to gain insights and make better business decisions.

SOCAR also prioritizes environmental sustainability. The company has set ambitious targets to reduce its carbon footprint and promote environmental sustainability by investing in renewable energy sources and adopting sustainable practices across its operations. SOCAR is committed to improving energy efficiency, conserving water resources, and promoting sustainable waste management practices. The company plans to monitor its environmental impact and engage with stakeholders to ensure continuous improvement.

In addition, SOCAR is committed to maintaining a strong focus on safety and health. Safety and health are a top priority for SOCAR. The company has set a goal of zero accidents and plans to implement strict safety protocols across all its operations. SOCAR is committed to providing a safe and supportive work environment for its employees and has established programs to promote employee well-being. The company plans to monitor and report on its safety and health performance to ensure continuous improvement.

SOCAR aims to be a socially responsible company that contributes to the well-being of the communities in which it operates. The company plans to invest in education.

The study will examine the following research questions:

1. What is the level of awareness among SOCAR's stakeholders of the company's corporate strategies?
2. How important are the corporate strategies of SOCAR in influencing its overall performance?
3. How effective are SOCAR's corporate strategies in achieving its goals and objectives?
4. What are the key factors that influence the effectiveness of SOCAR's corporate strategies?

5. How can SOCAR improve its corporate strategies to enhance its overall performance?
6. What is your current position within the company?
7. How familiar are you with the corporate strategies of the company?
8. Do you believe that the corporate strategies of the company are aligned with its overall goals and objectives?
9. How frequently does the company review and update its corporate strategies?
10. What is the company's approach to diversification, and how does it impact its overall performance?
11. How does the company's risk management strategy impact its overall performance?
12. How important is stakeholder engagement in the company's corporate strategy, and how does it impact its overall performance?
13. In your opinion, what are the most important factors that influence the success of the company's corporate strategies?
14. How does the company measure the success of its corporate strategies, and what performance indicators are used?
15. What improvements, if any, would you suggest to enhance the effectiveness of the company's corporate strategies?

4.1.2. Methodology of the Research

The research methodology is to analyse SOCAR's corporate strategies based on the above-mentioned questions and to analyse the impact on its performance.

4.1.3. Data Collection Method and Scales Used

The survey questions in the thesis study were demographic and 12 other questions, and the answers of the participants were audited. As demographic questions, participants' gender, age, marital status, education, monthly income, and position information were created. The survey questions were created through the Google form and shared with the participants.

4.2. Limitations and Challenges of the Research

The primary constraint of the study is related to the Azerbaijan State Oil Corporation. This means that there are limitations to the scope and depth of the research due to factors related to SOCAR, such as availability of data, access to information, or other factors that may affect the validity of the study. Tactics refer to the evaluation of output using information gathered

from (SOCAR) monetary records. In this context, tactics are referring to the methods used to evaluate SOCAR's financial performance using data obtained from the company's financial statements. These methods may include financial ratio analysis, trend analysis, or other analytical techniques that enable researchers to assess SOCAR's financial health and identify areas for improvement. Azerbaijan State Oil Corporation (SOCAR) reveals its information tardily compared to firms in other nations. This means that SOCAR is slower in disclosing its financial information compared to other companies in other countries. This may affect the timeliness and relevance of the information used in the research, as well as the ability of the researchers to compare SOCAR's financial performance with other companies. Therefore, the data utilized in the research is confined to the financial documents for the years 2019-2021. Due to the limitations related to SOCAR's data availability and timeliness, the research is limited to using financial documents that cover the years 2019-2021. This means that the researchers are not able to use more recent financial data, and they may not be able to capture any changes or developments that have occurred since 2021.

4.3. SWOT analysis of SOCAR

As strategic management practices within Azerbaijan have been implemented more recently, they exist almost only in strong enterprises and are still working on adjustments and developments in applications. Taking into account the realities of Azerbaijan, it is necessary to state that the current economic indicators of the country and the world play a rather important role in the management of companies in the country, both from a corporate and strategic point of view. From this point of view, if it is necessary to examine the current situation and general framework of strategic management in Azerbaijani companies, first of all, it is necessary to pay attention to the current economic situation of the country. The economic changes that have taken place in the last 10 years have shown their real effects on the strategic management of domestic and foreign companies from a direct positive and negative point of view. The economic situation of Azerbaijan, whose economy is formed mainly on the oil sector, has undergone drastic changes due to the recent global processes taking place worldwide. The devaluation of the country's currency has caused a number of difficulties in the strategic and corporate management of a number of local and foreign companies, which has manifested itself in many areas, from the reduction of staff to the abandonment of existing markets. After the devaluation, the stable and gradually developing economic situation in the country's economy led to positive changes in the company from

the point of view of strategic management. The country's long-term strategic planning program has played an exceptional role in the stabilization and development of the internal economic situation of Azerbaijan, whose economy is dependent on oil and gas production. If we evaluate the current situation and general framework of strategic management in companies within the country, we can analyse many companies here (Pasha holding, SOCAR, National bank, etc.). If we look at the strategic management philosophy of Socar, which has had its own place in the country's economy since its establishment, it is possible to clearly see that the company has developed its activities within the country, expanding abroad and forming new enterprises as its mission. An example of this is Socar energy Georgia LLC, which the company formed outside the country, as well as projects such as TANAP, Southern gas corridor, which was formed with the aim of increasing oil and gas production, and at the same time, the "Star" project, which the company formed in Turkey in recent years.

In general, if we look at the strategic management plans of Socar for the coming years, we can see that they consist of the following:

- Development of the company's medium-term and long-term development strategies.
- Eliminating SOCAR's monopoly position as much as possible in order to prevent SOCAR from developing into a company with the status of "Too big to fail" and to form a competitive environment in the market.
- Limiting the company's horizontal expansion policy. For this purpose, it would be appropriate in the current situation for "Azerkimya" PU to separate from the company and become an independent company.
- Limitation of the company's policy to develop vertically. In order to strengthen the control between the production sector and the sales sector and to create transparency, the removal of "Azerigas" PU, which is engaged in the activity of selling natural gas to the population within the country, from SOCAR and turning it into an independent institution.

As for the company's mission, it includes: customer satisfaction, attention to the environment, respect and use of people's opinion, constant development and renewal of the quality level. The company has 19 core values:

- The principle of fairness and justice
- Principle of action
- Quality policy

- Moral principle
- The principle of responsibility
- The principle of faith
- Group spirit
- Flexibility principle
- The principle of cooperation
- Organizational principle
- The principle of equality
- The principle of technological know-how
- The principle of excellence
- The principle of respect for the environment
- The principle of benefiting society
- The principle of legality
- Future principle
- The principle of love and respect
- The principle of fair competition

Below is a SWOT analysis of SOCAR. With this analysis, you can get a lot of information about SOCAR's strategy.

Strengths:

The strengths of SOCAR include its diversified operations, strong market position, access to resources, and brand recognition. SOCAR operates in multiple segments of the oil and gas industry, which gives it a diverse revenue stream and reduces its reliance on any one segment. Its strong market position in Azerbaijan and other countries gives it a significant market share in the industry. As a state-owned company, SOCAR has access to significant resources, including oil and gas reserves, infrastructure, and financing. The company has a strong brand and is well-known in the industry, which can provide a competitive advantage in attracting customers and business partners.

Weaknesses:

The weaknesses of SOCAR include its dependence on oil prices, limited global presence, and lack of diversification in energy sources. As a company heavily reliant on oil and gas revenue, SOCAR is vulnerable to fluctuations in oil prices, which can impact its financial

performance. While SOCAR has a strong market position in Azerbaijan, its global presence is limited compared to some of its competitors, which may limit its growth potential. SOCAR's operations are largely focused on oil and gas, which may make it vulnerable to changes in the global energy landscape and the increasing demand for renewable energy sources.

Opportunities:

The opportunities for SOCAR include expansion into new markets, diversification into renewable energy, and partnership opportunities. SOCAR has the opportunity to expand its operations into new markets, including emerging economies that have a growing demand for energy. It can also diversify its operations into renewable energy sources to meet the growing demand for sustainable energy. Furthermore, SOCAR can partner with other companies to expand its reach and gain access to new technologies and expertise.

Threats:

The threats to SOCAR include regulatory changes, competition, geopolitical risks, technological disruptions, economic downturns, and volatility in currency exchange rates. Changes in regulations related to the oil and gas industry, including environmental regulations, can impact SOCAR's operations and financial performance. The oil and gas industry is highly competitive, which can impact SOCAR's market share and profitability. As a company operating in different regions, SOCAR is exposed to geopolitical risks, including political instability, conflict, and trade disputes, which can impact its operations and financial performance. The increasing adoption of new technologies, including renewable energy and electric vehicles, may reduce the demand for traditional fossil fuels, which can impact SOCAR's revenue and profitability. Finally, economic downturns and financial crises can impact the global demand for oil and gas, which can have a significant impact on SOCAR's financial performance. As a global company, SOCAR is also exposed to currency exchange rate fluctuations, which can impact its financial performance and cash flow.

Overall, a SWOT analysis of SOCAR helps the company identify areas where it can improve and develop strategies to leverage its strengths and opportunities while mitigating its weaknesses and threats.

5. Results and Discussion

5.1. Survey Results

The results and discussion section highlights the key findings from the study on the importance and impact of corporate strategies on the performance of SOCAR. The findings show that the strategic planning and implementation have been instrumental in improving the company's market position, profitability, and sustainable growth.

Diversification has been identified as one of the key strategic initiatives that have helped SOCAR to minimize risks and create new revenue streams. The company's investment in renewable energy sources, for example, has helped to reduce the risks associated with the volatility of the oil market. This has helped SOCAR to remain competitive in the market and achieve sustainable growth.

In addition to diversification, SOCAR has also been focusing on improving its operational efficiency. By investing in modern technologies and processes, the company has been able to streamline its operations and reduce costs. This has helped to enhance its profitability and competitiveness in the market.

Corporate social responsibility (CSR) initiatives have also had a positive impact on SOCAR's overall performance. By engaging in initiatives that promote sustainability, SOCAR has been able to enhance its reputation and build stronger relationships with stakeholders. This has helped the company to achieve sustainable growth and long-term success.

Moreover, SOCAR has been focusing on expanding its international presence. By investing in new markets and establishing strategic partnerships with foreign companies, SOCAR has been able to create new opportunities for growth and revenue generation. This has helped to diversify the company's revenue streams and reduce its dependence on the domestic market. Overall, the findings suggest that the importance of corporate strategies in the performance of SOCAR cannot be overstated. The company's sound strategic planning and implementation have helped to enhance its competitiveness, profitability, and sustainability. By continuing to focus on diversification, operational efficiency, CSR, and international expansion, SOCAR is well-positioned to achieve continued success in the future. The study recommends that SOCAR should continue to invest in corporate strategies that will help it to remain competitive and achieve sustainable growth in the long-term.

SOCAR is a significant state-owned energy company in Azerbaijan, and its corporate strategies play a vital role in influencing the company's overall performance. As the CEO of SOCAR, it is crucial to focus on developing and implementing effective strategies that can help the company achieve its goals and objectives.

Effective corporate strategies can help SOCAR in several ways. Firstly, they can help the company identify and capitalize on new opportunities in the energy sector, such as exploring new oil and gas fields or developing renewable energy sources. By doing so, SOCAR can increase its revenue and profitability and improve its competitive position in the market.

Secondly, corporate strategies can help SOCAR in managing its risks and uncertainties, which are inherent in the energy sector. By anticipating potential risks and developing contingency plans, SOCAR can minimize the negative impacts of unforeseen events and maintain its operations even in challenging environments.

Thirdly, corporate strategies can help SOCAR in enhancing its efficiency and productivity. By streamlining its operations and adopting best practices, SOCAR can reduce its costs and improve its operational performance, which can lead to higher profitability and customer satisfaction.

So, corporate strategies are crucial for the overall performance of SOCAR. As the CEO of SOCAR, it is essential to develop and implement effective strategies that can help the company achieve its goals and objectives, capitalize on new opportunities, manage risks and uncertainties, and enhance its efficiency and productivity.

However, as the CEO of SOCAR, it would be important to regularly evaluate the effectiveness of the company's corporate strategies in achieving its goals and objectives. This would involve monitoring the progress made towards achieving the company's strategic objectives, assessing the impact of the strategies on the company's financial and operational performance, and identifying any gaps or challenges that need to be addressed.

The effectiveness of SOCAR's corporate strategies in achieving its goals and objectives would also depend on the alignment of the strategies with the company's vision and values, the quality of the strategy development process, the involvement of stakeholders in the strategy development and implementation, and the ability of the organization to adapt to changing market conditions and emerging trends.

As the CEO of SOCAR, it would be essential to lead the organization in effectively implementing the company's corporate strategies and regularly reviewing and updating these strategies to ensure their relevance and effectiveness. By doing so, the company can maintain

its competitive position in the energy sector, maximize its profitability, and achieve its long-term goals and objectives.

Corporate strategies are long-term plans that guide the actions and decisions of our organization and help us achieve our goals and objectives. The factors that influence the effectiveness of these strategies include alignment with our mission and vision, comprehensive market analysis, effective resource allocation, strong leadership and organizational culture, stakeholder engagement and communication, and continuous monitoring and evaluation.

Alignment with our mission and vision ensures that our strategies are consistent with our long-term goals and values. Comprehensive market analysis helps us identify opportunities and challenges and develop strategies that capitalize on our strengths and mitigate our weaknesses. Effective resource allocation ensures that we allocate our resources to the areas that will have the most significant impact on achieving our strategic goals. Strong leadership and organizational culture foster a culture of innovation, flexibility, and adaptability that encourages our employees to contribute their ideas and talents to achieve our strategic objectives. Stakeholder engagement and communication ensure that we engage our stakeholders in the development and implementation of our strategies, and continuous monitoring and evaluation enable us to identify any gaps or challenges that need to be addressed.

By focusing on these factors, we can develop and implement strategies that support the achievement of our goals and objectives and maintain our position as a leader in the energy sector.

In more detail, let him explain each of these key factors that influence the effectiveness of SOCAR's corporate strategies:

Alignment with mission and vision: Their mission and vision statements serve as a roadmap for our company's long-term direction and guide our strategic decision-making. Their corporate strategies should align with these statements to ensure that their actions and decisions are consistent with their long-term goals.

Comprehensive market analysis: They need to analyse market trends, competitive pressures, and regulatory changes to identify opportunities and challenges that will affect our business. This analysis helps develop strategies that capitalize on their strengths, minimize their weaknesses, and anticipate changes in the market.

Effective resource allocation: They must allocate our resources, including financial, human, and technological resources, to the areas that will have the most significant impact on achieving our strategic goals. Effective resource allocation ensures that they use their resources efficiently and effectively to achieve their goals.

Strong leadership and organizational culture: Their leadership team must be committed to developing and implementing effective corporate strategies. They need to foster a culture of innovation, flexibility, and adaptability that encourages their employees to contribute their ideas and talents to achieve their strategic objectives. Strong leadership and organizational culture are essential to ensuring that their strategies are successfully implemented.

Stakeholder engagement and communication: They must engage their stakeholders in the development and implementation of their corporate strategies. Effective communication and engagement help their stakeholders understand how their strategies will benefit them, encourage buy-in from their employees, and build goodwill with their customers and communities.

Continuous monitoring and evaluation: They must regularly monitor and evaluate their performance against their strategic goals and objectives to identify any gaps or challenges that need to be addressed. Continuous monitoring and evaluation help us adapt our strategies as needed to respond to changing market conditions and emerging trends.

These key factors are critical to the effectiveness of SOCAR's corporate strategies. By focusing on alignment with our mission and vision, comprehensive market analysis, effective resource allocation, strong leadership and organizational culture, stakeholder engagement and communication, and continuous monitoring and evaluation, we can develop and implement strategies that support the achievement of our goals and objectives and maintain our position as a leader in the energy sector.

I believe that there are several ways that SOCAR can improve its corporate strategies to enhance its overall performance:

- Review and refine current strategies: SOCAR should periodically review its current strategies to ensure that they are still relevant and aligned with the company's long-term goals. This means assessing the effectiveness of the current strategies, identifying areas that require improvement, and refining them to respond to changes in the market, emerging trends, and new opportunities.
- Embrace innovation: SOCAR should embrace innovation and explore new technologies and processes that can help the company improve efficiency, reduce

costs, and enhance its overall performance. This means investing in research and development activities, exploring new business models, and developing new products or services that can generate new revenue streams.

- Focus on sustainability: SOCAR should prioritize sustainability and incorporate environmental, social, and governance (ESG) factors into its corporate strategies. This means developing strategies that minimize the company's impact on the environment, promote social responsibility, and ensure good governance practices. By focusing on sustainability, SOCAR can enhance its reputation and build stronger relationships with its stakeholders.
- Foster a culture of collaboration and continuous learning: SOCAR should foster a culture of collaboration and continuous learning by encouraging employees to share their ideas and feedback, promoting teamwork and cross-functional cooperation, and investing in employee training and development programs. This means creating an environment where employees feel empowered to contribute their ideas, work together to achieve common goals, and continuously improve their skills and knowledge.
- Develop strong partnerships: SOCAR should develop strong partnerships with other companies and organizations that share its values and goals. This means identifying potential partners that can help the company access new markets, technologies, and resources, and building strong relationships with them. By developing strong partnerships, SOCAR can enhance its overall performance and achieve its long-term goals.
- Leverage data analytics: SOCAR should leverage data analytics to gain insights into market trends, customer behaviour, and operational performance. This means collecting and analysing data from various sources to make more informed decisions, identify opportunities for improvement, and develop more effective corporate strategies.

By implementing these strategies, SOCAR can improve its corporate strategies, enhance its overall performance, and achieve its long-term goals. These strategies can help the company respond to changes in the market, enhance its competitive advantage, and build stronger relationships with its stakeholders.

If I ask whether they believe that the corporate strategies of the company are aligned with its overall goals and objectives, their respond something like this:

Thank you for your question. At SOCAR, we have a strong commitment to ensuring that our corporate strategies are in line with our overall goals and objectives. We regularly review and update our strategies to ensure they are aligned with our long-term vision and mission as a company. We also seek input from our stakeholders to ensure that our strategies reflect the needs and expectations of our customers, employees, shareholders, and communities. We believe that our current strategies are well-aligned with our goals and objectives, and we are constantly striving to improve and refine them to ensure our continued success.

At SOCAR, we believe that it's important to regularly review and update our corporate strategies to ensure that they remain relevant and effective. We typically conduct a comprehensive review of our strategies every year, taking into account changes in our industry, market conditions, and the needs of our stakeholders. However, we also recognize that unforeseen circumstances can arise that require us to review and adjust our strategies more frequently.

In addition to our annual review process, we also conduct ongoing monitoring and evaluation of our strategies to ensure that we are making progress towards our goals and objectives. We seek feedback from our employees, customers, and other stakeholders to identify areas where we can improve and make adjustments as needed. Overall, we are committed to ensuring that our corporate strategies are up-to-date and effective in helping us achieve our long-term vision and mission as a company.

we believe that diversification is an important part of our overall strategy for growth and sustainability. We have been actively pursuing diversification opportunities in different areas of our business, such as expanding into new markets and exploring new product offerings.

One example of our approach to diversification is our recent expansion into renewable energy. By investing in renewable energy sources such as wind and solar power, we are not only reducing our carbon footprint, but also creating new business opportunities and revenue streams for the company.

In terms of impact on our overall performance, diversification has helped us to mitigate risks and reduce our dependence on any one particular market or product. By having a diverse portfolio of businesses and products, we are better able to weather changes in the market and maintain our financial stability.

Overall, our approach to diversification is an important part of our strategy for long-term growth and success, and we will continue to explore new opportunities to expand and diversify our business.

At SOCAR, we take risk management very seriously and have a robust framework in place to identify, assess, and mitigate risks across all areas of our business. Our risk management strategy plays a critical role in our overall performance by helping us to protect our assets, maintain our financial stability, and ensure the long-term sustainability of our business.

By proactively identifying and addressing potential risks, we are able to mitigate their impact on our operations and financial performance. This helps us to avoid costly disruptions, such as supply chain interruptions, regulatory compliance issues, and reputational damage.

In addition, our risk management strategy helps us to identify new business opportunities and make informed decisions about where to allocate resources. By carefully assessing the risks and potential rewards of different investments, we are able to make strategic investments that support our long-term goals and drive sustainable growth.

We recognize that our success is closely tied to the needs and expectations of our stakeholders, including our customers, employees, shareholders, and the communities in which we operate.

Engaging with our stakeholders helps us to better understand their needs and expectations, and to incorporate their feedback into our decision-making processes. By actively listening to and engaging with our stakeholders, we are able to build stronger relationships, enhance our reputation, and create value for all of our stakeholders.

Stakeholder engagement also helps us to identify emerging trends and challenges in our industry, and to develop strategies that are more responsive to changing market conditions. By staying connected to our stakeholders and incorporating their insights into our decision-making processes, we are better able to anticipate and adapt to changes in the market and maintain our competitive edge.

At SOCAR, we believe that there are several key factors that are critical to the success of our corporate strategies. These include:

- **Clarity of vision:** Our corporate strategies are built around a clear and compelling vision for the future of our company. This vision provides a roadmap for our decision-making and helps to align our efforts towards a common goal.
- **Strong leadership:** The success of our corporate strategies depends on strong leadership at all levels of the organization. Our leaders are responsible for setting the tone, making tough decisions, and inspiring our employees to achieve their best.
- **Adaptability:** The business environment is constantly changing, and our corporate strategies need to be flexible and adaptable in order to remain relevant and effective.

We need to be able to pivot quickly and make adjustments as needed in response to new challenges and opportunities.

- Stakeholder engagement: We believe that engaging with our stakeholders is critical to the success of our corporate strategies. By listening to and incorporating feedback from our customers, employees, and other stakeholders, we are able to make better decisions and create more value for everyone involved.
- Focus on execution: Ultimately, the success of our corporate strategies depends on our ability to execute on our plans. This requires a focus on operational excellence, strong project management, and a culture of continuous improvement.

The CEO of SOCAR would explain that the company uses a variety of performance indicators to measure the success of its corporate strategies. These indicators are aligned with the company's strategic objectives and help it track progress towards achieving these objectives. The CEO would explain that the company tracks financial performance metrics, such as revenue and profitability, to assess the financial impact of its strategies. They also measure operational efficiency indicators, such as production output and process efficiency, to assess the effectiveness of its strategies in improving operations.

In addition to these metrics, SOCAR tracks customer satisfaction and employee engagement indicators to assess the impact of its strategies on its customers and employees. The company also tracks sustainability indicators, such as greenhouse gas emissions and community engagement, to assess the impact of its strategies on the environment and society.

By using a comprehensive set of performance indicators, SOCAR can ensure that its corporate strategies are effective in achieving its objectives and creating value for all of its stakeholders. As the CEO of SOCAR, I am always looking for ways to improve our corporate strategies and ensure that they are aligned with our goals and objectives. One of the key areas that we are focusing on is increasing the agility of our strategy development process. This involves being more responsive to changes in our industry and the broader business environment, and being able to adjust our strategies quickly and effectively in response to these changes.

Another area that we are focusing on is improving the integration of our corporate strategies across all levels of the organization. This involves ensuring that our strategies are clearly communicated to all employees, and that everyone understands how their work contributes to achieving our strategic objectives.

We are also exploring ways to enhance our data analytics capabilities, so that we can make better use of data to inform our strategic decision-making. This includes investing in new technologies and tools, as well as building the necessary expertise within our organization to effectively use these tools.

Finally, we are always looking for ways to improve our stakeholder engagement practices, so that we can better understand the needs and expectations of our customers, employees, and other stakeholders. This involves being more transparent in our communications, actively seeking feedback from stakeholders, and using this feedback to inform our strategic decision-making.

5.2. Data report of SOCAR Company

As a result of the analysis, the important topics identified regarding SOCAR's activity are shown in Figure 1. In addition, information on which of the identified significant aspects are more important to SOCAR's stakeholders is presented in Table 1.

Table 1. Table of important aspects for the company

Environmental protection and efficient use of natural resources	Ethical behaviour
<ol style="list-style-type: none"> 1. Managing climate change impacts 2. Efficient use of water 3. Effective waste management 4. Efficient use of energy 5. Minimization of impacts on biodiversity 6. Direct and indirect emissions 	<ol style="list-style-type: none"> 1. Ethical business practices 2. Protection of human rights 3. Transparency of tax payments 4. Fight against corruption
Increasing social development and welfare	Economic sustainability and business efficiency
<ol style="list-style-type: none"> 1. Training and development of employees 2. Ensuring labour protection and safety 3. Creating diversity and equal opportunities 4. Corporate social responsibility 5. Human resources management 	<ol style="list-style-type: none"> 1. Building a strong corporate governance system 2. Involvement of local suppliers 3. Purchasing practices 4. Improvement of economic indicators 5. Maintaining relations with the local community 6. Evaluation of suppliers according to the principle of stability

Source: socar.az

In addition, as a result of the research, the company's corporate values were determined and shown in table 2.

Table 2. Corporate values

Accountability	Accountability to the state and society, the environment, employees and partners How transparent SOCAR is
Cooperation	Teamwork, relationships with suppliers and cooperation with partners Mutual respect within SOCAR itself and with the companies it cooperates with
Reliability	Being a reliable company guided by the trust and confidence of the state, a reliable partner for our customers and all interested parties
Safety	The safety of operations, the health and safety of workers, the importance of a healthy working environment for employees and the risk of life
Organizational integrity	Integration, operational excellence and efficiency Unity, synergy and operational integrity between SOCAR's businesses and organizations

Source: socar.az

SOCAR, akin to other petroleum and gas sector firms, regards revising its tactical blueprint as a crucial matter to conform to the swift progress and alterations in the global oil and gas industry, uphold competitiveness, and form supple resolutions. Records establishing SOCAR's tactical actions and Principal Effectiveness Indicators in diverse arenas:

- Exhaustive Scheme for the strategic growth of SOCAR till 2025
- Business Tactics of SOCAR till 2035.

SOCAR's Business Tactics until 2035 was formulated as a component of the Exhaustive Scheme and sanctioned in 2020. In the aforesaid Strategy, 8 principal strategic objectives and 19 priority courses of action aligned with these objectives have been outlined. These are listed in table 3.

Table 3. Strategic Objectives

01	Applying digitization across value chain segments and supporting innovation activities
02	Increasing the profitability of transportation and marketing of hydrocarbons
03	Strengthening the efficiency of commercial activities in local, regional and international markets and optimizing the business portfolio
04	Improvement of oil and gas processing and chemical industry activities
05	Monetization of hydrocarbons and ensuring Azerbaijan's energy security through geological exploration and increasing production
06	Organization and development of activity on the transition to new energy sources
07	Strengthening activities in the areas of human capital development, health, occupational safety and environment
08	Enhancing the integrity and excellence of operations

Source: socar.az

In 2021, conforming to the sanctioned schemes, SOCAR broadened its undertakings in the realm of petroleum and gas extraction, which is one of its strategic objectives, by executing its prolonged projection responsibilities and carried out extensive schemes on scrutiny, probing, growth, and production in the oil and gas sector with the intention of furnishing the Republic with uninterrupted, superior-grade fuel.

Table 4. Oil and gas production and processing for SOCAR in 2019-2021

Industry results	2019	2020	2021
Gas processing, mln. m ³	3215.0	3707.5	3549.7
Oil (together with condensate) production, thousand tons	7683.1	7407.2	7889.9
Oil refining, thousand tons	6194.4	5899.0	6657.7
Gas production, mln. m ³	6818.6	7344.0	7860.8

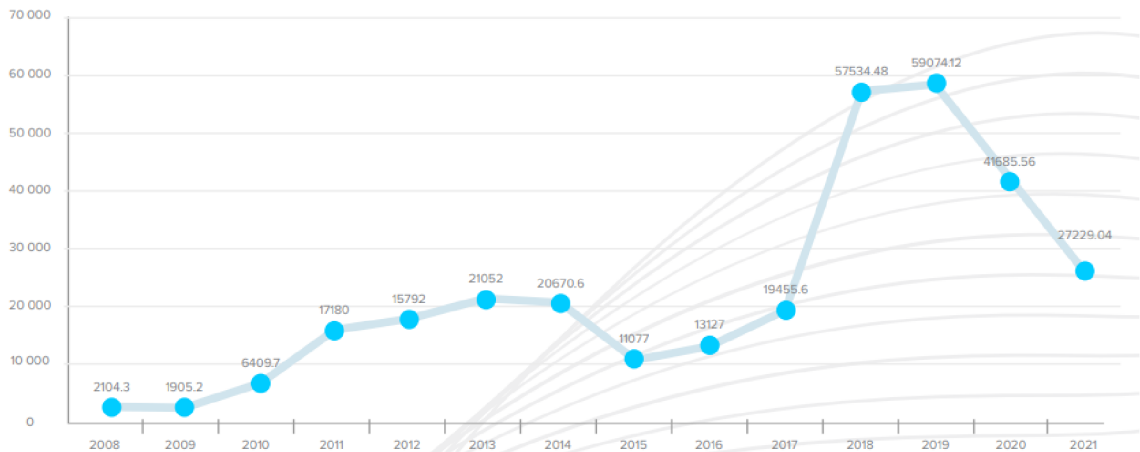
Source: socar.az

SOCAR generated an aggregate of 7,889,900 tons of crude oil (in conjunction with condensate) in the reporting year within the country's frontiers and in the portion of the

Caspian Sea allocated to Azerbaijan, surpassing the prediction by 350,700 tons or 104.4%, of which 6,596,300 tons were produced by the "Azneft" Production Unit, and 1,293.6 thousand tons pertain to the deposits where the Corporation has a stake. In 2021, operations persisted in the context of the revamp and enhancement initiative at the Heydar Aliyev Oil Refinery. In the reporting year, 6,657.4 thousand tons of petroleum and 62.6 thousand tons of imported crude resources underwent processing, summing up to 6,720.3 thousand tons of raw materials. Consequently, oil refining was accomplished by 106.9% and the comprehensive processing of raw materials by 107.4% compared to the established scheme. In 2021, the prediction was realized by 99.6%, and the production of natural gas at SOCAR attained 7,860.8 million cubic meters, of which 6,433.22 million cubic meters are ascribed to the "Azneft" Production Unit and 1,427.53 million cubic meters pertain to the deposits where the Corporation has a stake. In the reporting year, 3,602.3 million cubic meters were handled at the gas processing plant, comprising 3,549.75 million cubic meters of purified gas, 5.67 million cubic meters of technical butane, and 0.03 million cubic meters of gasoline gas. Furthermore, in 2021, "Azerigas" Production Unit installed distribution gas pipelines, utilizing internal resources, to a total of 9 residential areas and nearly 100 novel residential areas in distinct administrative regions. Additionally, gasification operations were launched in 13 residential areas, which covered diverse areas of the administrative region, including Baku city, across 30 administrative regions. In 2021, 74,559 new subscribers were enrolled as gas consumers. 338.4 km of new gas lines were erected in Baku city and diverse regions of the Republic concerning gasification works. Moreover, to ameliorate gas supply and ensure its dependable provision, a sum of 413 km of gas lines with different diameters was revamped in Baku city and various regions of the Republic. The comprehensive count of gas consumers in the Republic has escalated to 2,404,553, and the degree of gasification has reached 96.3%. With the backing of the state, "Azerigas" Production Unit constructed novel gas pipelines and a modern modular gas-distribution station to supply gas to the Alat Free Economic Zone.

The main centre for waste management in SOCAR is the Waste Management Center (hereinafter "WEST"). The main activity of TIEM is to ensure the reception, placement and neutralization of industrial waste formed during oil and gas operations at sea and on land. During 2021, 27,229.04 tons of drilling waste, 388.75 tons of industrial sludge and 2,156.14 tons of industrial waste were received at TIEM.

Picture 1. Annual dynamics of drilling waste received at TIEM, thousand tons.

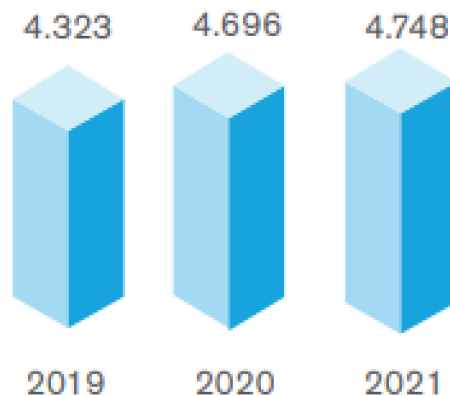


Source: socar.az

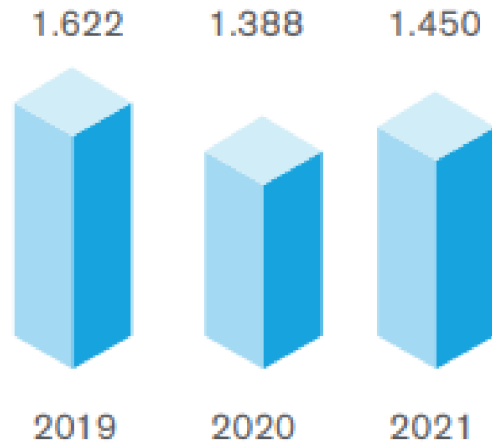
As can be seen from the dynamics, as a result of increasing control over environmental requirements and adapting production processes to environmental requirements, a decrease in the full volume of all types of drilling wastes formed during drilling operations is observed in 2021.

As one of the biggest contributors to the state's revenue, SOCAR holds a significant position in shaping the country's financial plan and plays a vital role in encouraging the advancement of the nation's economy. In 2021, the corporation disbursed AZN 1,449,724 thousand (excluding income tax) to the budget as payments. Tax expenditures increased by 62,026.8 thousand AZN or 4.5% compared to the previous year's corresponding duration.

Picture 2. SOCAR's authorized capital for 2019-2021, bln. AZN



Picture 3. Budget payments for SOCAR during 2019-2021, bln. AZN



In 2014, SOCAR voluntarily joined the initiative of the World Bank "to reduce the flaring of natural gas in the normal production process to zero by 2030" and the "Plan for reducing natural gas released into the atmosphere in projects involving SOCAR and SOCAR" covering the years 2017-2022. " confirmed. Information about the measures implemented in SOCAR enterprises related to the implementation of the document was collected, the results were evaluated and project proposals were prepared to achieve the accepted goals. As a result of forecast data of SOCAR gas emissions and the measures to be taken in this direction, by 2022, gas emissions will be reduced to 95 mln. m³, and already in 2021, SOCAR, OJSC and JV gas emissions are 30.9 mln. observed in 2020. decreased from m³ to 7.2 mln. m³ has been. The commitment under the plan has been fulfilled.

In 2021, a number of environmental projects were implemented by Azneft PU in the direction of the disposal of exhaust gases that are directly emitted/burned into the atmosphere during oil production. Environmental measures have been continued in the production areas of Azneft BU in order to prevent the accumulation and return of methane gas to the system and its release into the atmosphere. In the offshore and onshore production areas, fields and foundations of Azneft BU, low gas lines were laid, surface extraction works were carried out, new compressors were installed, low pressure gas lines were laid and connected to the vacuum line, and the operating method of many wells was changed. As a result of all these measures, a substantial reduction of toxic gases released into the atmosphere has been achieved. At SOCAR, the most advanced environmental measures are implemented in order

to reduce the intensity of gas emissions into the atmosphere. As a result of the implemented measures, carbon dioxide emissions were reduced to 2%. It is planned to implement new projects in the following years, as a result of which it is aimed to reduce these types of emissions to zero in 2022. SOCAR has joined the initiative to reduce the amount of flaring in the normal production process to zero by 2030, and as a result of the measures taken, flaring has been zeroed in Azneft BU since May 2020, as a result of centralized collection of flaring gases and connection to the gas collection system. Several occasions were organized in relation to the fulfilment of "SOCAR's 2021-2022 Plan of Action on Ecological Upliftment and Education" for 2021. In 2021, a webinar dedicated to "International Day for the Protection of Aquatic Mammals" was conducted with the involvement of SOCAR staff and external organizations. Due to the COVID-19 pandemic, on February 19, 2021, the "World Day for the Protection of Marine Mammals" event was organized in a webinar format with the participation of SOCAR companies and external organizations. Since 2009, SOCAR has been actively involved in the "Earth Hour" environmental campaign in collaboration with IDEA Public Union. Considering the significance of the activity held on March 27, 2021, from 8:30 to 9:30 PM, SOCAR participated in this global initiative by turning off the lights of the "SOCAR Tower" facade and the lights of the administrative buildings included in the SOCAR structure. In 2021, internal ecological consciousness and advancement events were primarily carried out remotely.

Taking into account the seriousness of the problem of global climate change, the Republic of Azerbaijan actively participates in the fight against climate change, as part of the Paris Agreement, it aims to reduce greenhouse gas emissions by 35% by 2030, compared to the base year of 1990, as part of its contribution to global climate change prevention initiatives. who took it. Also, at the COP26 Conference held in Glasgow in November 2021, the state of the Republic of Azerbaijan accepted a new commitment to reduce emissions by 40% by 2050 and create a "net zero emission" zone in the liberated territories. In support of these, relevant enterprises of SOCAR target the following measures in their action plans:

- New, modern, environmentally oriented in the field of oil and gas processing application of technologies;
- to EURO-5 standards at the oil refinery until 2022 production of suitable fuel;

- From 1% to 0.3% of technological losses in the gas transportation system, gas modernization of gas pipelines in the distribution system and reduction of technological losses from 8.85% to 6.5% as a result of other measures, and the amount of reduction by 2050 adaptation to international standards;
- According to the adopted strategy, during oil and gas production accumulation of gases released into the atmosphere, prevention of gas leaks in oil and gas processing, distribution networks.

Fulfilment of the obligations set by the country, SOCAR inventory of EIA, improvement of energy efficiency, application of ecological and innovative technologies, the goal of sustainable development to combat climate change, EIA target in the main efficiency indicators, greening, environmental education directions, coordinated mitigation of climate change, approved the document "SOCAR: 2021-2030 - Low-carbon development strategy", which includes adaptation, education and research activities. This document defines specific quantitative targets for reducing GHG for SOCAR's "upstream", "midstream" and "downstream" activities and serves to implement the commitments taken by the country until 2030. The purpose of the strategy is to develop the company's policy of reducing the HSE in a broad and systematic way. Mitigation and adaptation measures, including measurement, accountability and verification (MRV) measures are reflected in the strategy. The strategy envisages the implementation of a wide range of measures to reduce the impact of climate change in order to ensure the implementation of the national level measures adopted by the Republic of Azerbaijan within the framework of the Paris Agreement:

- Implementation of the regular measurement, reporting and monitoring (MRV) system of GHG waste;
- Reducing emissions of toxic gases into the atmosphere;
- Low-carbon available in the world in production areas
- application of technologies and oil and gas of climate risks
- evaluation of the impact on operations
- Detection and elimination of leakage sources;
- Improvement of energy efficiency in technological processes;
- Use of alternative energy sources;
- Expansion of greening works.

Starting from 2019, SOCAR has defined targets for the main emitting enterprises and established a mechanism for monitoring their implementation in order to stimulate measures aimed at reducing greenhouse gases within the framework of the implementation of the corporate key performance indicators (KPI) system.

In the upstream comparative analysis of GHG emissions intensity, SOCAR's Azneft enterprise is considered as the main oil and gas producing enterprise. It is observed that the current intensity indicator is more than twice compared to global energy companies, and at the same time, it should be noted that the decarbonization targets in the upstream sector have tightened and the intensity has remained at a stable level in most competitors.

During 2021, a number of important works were carried out in order to improve and improve the working conditions in the production areas of SOCAR, and the measures arising from the requirements of the Health, Labour Safety and Environmental Protection (HSE) policy were successfully implemented. During the year, with the aim of ensuring the implementation of the nomenclature action plan, the adaptation of production areas, buildings, and workplaces to the requirements of the relevant regulations, as well as the implementation of measures designed to prevent industrial injuries, accidents and occupational diseases, were continued. In total, AZN 20,838,576 were spent on labour protection measures at SOCAR in 2021. During the reporting period, with the aim of checking the state of labour conditions and minimizing production risks, SOCAR and its enterprises' Permanent Action Commissions for labour safety (DFK) conducted monitoring at the production facilities, and fundamental work was carried out to bring workplaces to a safe state where deficiencies were found, and safety requirements were met. production areas that do not meet the requirements have been adjusted or cancelled. During 2021, joint projects with other oil and gas companies and organizations were implemented in order to establish the activity in the field of HSE at the level of current requirements.

Table 5. Labour protection costs for SOCAR (Azerbaijan) during 2019-2021, AZN

Labour protection and safety costs	2019	2020	2021
Labour protection and safety	23531223	22973516	20838576

Terminology measures to improve working conditions	18164527	16322602	13002296
Special clothing, special shoes and other personal protective equipment	4244167	5353021	6390410
To the milk supply	958017	709329	1375335
Others	164512	588564	70535

During the year, during the construction and reconstruction of production facilities, the HSE Department monitored the compliance of project documents with labour safety and sanitary-technical norms, and at the same time, the implementation of the planned works in accordance with the requirements of safety norms and rules, standards. For this purpose, at various stages of the implementation period of the projects, monitoring was carried out regularly in the production areas where construction and installation works were carried out, and appropriate measures were taken to eliminate the detected inconsistencies in terms of labour protection in time and place.

The operation of the supply system in the company is based on procurement operations that meet the principles of transparent, environmentally friendly and safety. This shows the economic, social and environmental positive effects of SOCAR in the geography where it operates. Each supplier's compliance with SOCAR's values and principles is of great importance, and the Company always monitors suppliers' compliance with SOCAR's business values and ethical standards. The same principles apply to our subsidiaries. During the conclusion of SOCAR tenders and contracts, performance results of third-party companies are reviewed. The company's relationship with counterparties is established on the basis of the set of regulatory documents on procurement, the standard on verification of counterparties included in the set of anti-corruption standards, and other related documents.

In 2021, the Procedural Document on Pre-qualification assessment was approved and started to be implemented in SOCAR. The Pre-qualification Assessment Procedure Document was prepared in accordance with SOCAR's normative documents on the organization and management of procurement, as well as SOCAR's Manual on the organization and

management of Pre-qualification. The following criteria guide the evaluation of suppliers according to this document:

- Operational risks, including key risks related to the supplier's environmental and social performance
- Ability to execute and supervise projects and tasks
- Quality Control/Quality Assurance
- The supplier's technical potential and the competences of its employees
- Innovative approach
- Sources of supply of materials, equipment, personnel, objects, buildings
- HSE practices

The purpose of the Procedure Document is to ensure the selection of the most suitable party for the procurement procedures for the provision of work and services of third parties, the provision of materials and equipment, and the category/sub-category of the vendor area. It is also aimed to ensure objective evaluation, supply of high-quality goods, provision of works and services, and analysis taking into account other factors affecting the procedure. Also, in 2021, a draft of the Manual on the Process of Acceptance of Goods, Materials and Equipment was prepared in order to form a unified approach to the process of acceptance of goods, materials and equipment of SOCAR. This Instruction contains the main requirements for the implementation of the sequence, conditions and system to be followed in the implementation of the stage of acceptance of goods, materials and equipment, which is the next stage in the process of purchasing goods, materials and equipment. It also regulates relations related to the admission procedure according to the needs of SOCAR's enterprises and organizations. The main purpose of the manual is to determine the necessary rules for the implementation of the process of acceptance of goods, materials and equipment in SOCAR and its business units, to achieve the correct application of the requirements arising from the purchase agreement and to make the process of acceptance of goods, materials and equipment a systematic process that meets corporate rules and requirements is to bring.

One of SOCAR's main priorities is to develop a system for managing public relations, as well as an effective system for receiving, reviewing and resolving complaints. Since 2013, the Department of Medical Service Organization (MDS) established in the Head Office of SOCAR continues to monitor the provision of medical services according to the insurance program for up to 15,000 retired oil workers who have been insured in the Central Oilfield

Hospital since 2013, including both outpatient and inpatient treatment. . The "Hotline" operating in TTXD received 90 applications in 2021. Of these, 43 appeals were of a complaint nature, all appeals were investigated together with the employees of the insurance company and medical institutions, resolved and answered on time. In the coming years, SOCAR plans to expand and develop the scope of socially oriented projects, and at the same time to improve the procedures regulating social activities.

As the largest company in the Republic of Azerbaijan, SOCAR understands its obligations to the society and tries to contribute to the socio-economic development of the countries where it operates. The company's approach to social activities is based on prompt identification and effective management of social impacts, as well as establishing open dialogue and cooperation with all interested parties. SOCAR has defined Corporate Social Responsibility (CSR) commitment as one of the important conditions. Thus, the concept of social responsibility of the Company mainly consists of two directions:

- Providing employees with decent wages, healthy and safe working conditions, increasing their knowledge and skills
- Support for charity, social and sponsorship events within the framework of social programs adopted by the state

In 2021, in accordance with SOCAR's CSR policy, work was continued to maintain the working conditions of employees at the level of modern requirements and to improve their social welfare. In 2021, according to the "statute of providing financial assistance to SOCAR's employees", the company's structural divisions and Head Office received an application in the amount of 10,305,020 AZN for 2,946 employees and in various fields according to the standard for charity, social and sponsor assistance. and in accordance with state orders, funds in the amount of AZN 1,742,437 were paid. The total amount of payments in accordance with the regulations and standards was AZN 12,047,456. In addition, in 2021, a joint order of SOCAR and the Republican Committee of the Azerbaijan Oil and Gas Industry Workers' Union "Social Development Program for the years 2021-2025" was adopted in order to improve the social well-being of employees in SOCAR. The Program, which consists of 350 items in total, aims to improve the living conditions of employees at their workplaces and solve their social problems by covering all enterprises and organizations of SOCAR. In 2021, the administrative, y appropriate repair works were carried out in the barracks and canteen buildings, as well as in other auxiliary areas:

- "Azneft" PU
- "Azerikimya" PU
- "Azerigas" PU
- Oil Refinery named after Heydar Aliyev
- Baku Deep Oil Plant named after Heydar Aliyev
- Gas Processing Plant
- "Neftgazitkinti" trust
- "Complex drilling works" trust
- Oil Pipeline Administration
- Gas Export Administration
- Department of Geophysics and Geology
- Department of Transportation
- Department of Ecology
- Baku Higher Oil School and Training

In 2021, SOCAR Turkey's social investments mainly consisted of environmental, healthcare, education, sports, financial assistance to individuals, funds and institutions, and measures to support the victims. From these social investments, 389,000 AZN were allocated to the renewal of parks, 293,000 AZN for the purchase of various medical equipment for the Aliagha State Hospital, 296,000 AZN to the Azerbaijani Embassy and Consulate operating in Turkey, and various courses, seminars and conferences to the "Association of Azerbaijani Businessmen" operating in Turkey. 102,000 AZN and 51,000 AZN to the "Karabakh Revival Fund" can be mentioned in particular.

Since 2021, the implementation of the Evaluation Center has been started in SOCAR, which keeps up with international trends and successfully implements practices related to employee evaluation in the world. Assessment Center – a tool to select the most suitable candidate who meets the required level of competencies for the job profile. Here, various techniques and strategies are used to select the suitable candidate (or candidates) for the proposed position based on the observation of one or more representatives, as well as to identify the strong and weak competencies of the candidate. Interviews, another assessment tool, are more theoretically based, making it difficult to obtain more realistic results regarding behavioural competencies. However, visual observation of candidates' behavioural competencies with practical tasks in the Evaluation Center allows for a more realistic, objective assessment of

these competencies. 90 people from 8 enterprises of SOCAR were involved in the Evaluation Center, 13 management and behavioural competencies were evaluated in each employee. During the evaluation process, the participants perform 8 different tasks, perform tasks within a team, participate in role-playing games, make presentations, and answer certain tests and questionnaires. Business games clarify the participant's group behaviour, communication skills and way of thinking by creating an imitation of a real situation in a business environment. During the analysis of the situation, the participant's approach to the problem is determined. Presentations reveal the ability of the participant to express his views on the analysis of the situation. Role playing reveals the behaviour pattern and communication skills of the participant in accordance with the assigned role. The mentioned tasks are observed by the experts of the Assessment Center, video recording is done and the experts evaluate them to ensure the objectivity and reliability of the results.

One of the important issues is the selection of successors for the established senior and very senior positions (SSC/SSC) in order to ensure the continuity of the company's activities and uninterrupted implementation of its operations. Within the framework of IRFT program, the "Competence management" process has been implemented in SOCAR since 2018, and since 2021 it has been gradually implemented in all enterprises of SOCAR. In those enterprises, a number of educational activities were carried out by employees of the Human Resources Department (HRD) in order to achieve the goals in terms of competency assessment, critical positions and the selection of successors. Over 2,000 strategic and tactical leaders were trained in the framework of these awareness-raising activities to increase their theoretical and practical knowledge of the evaluation process and behavioural competencies. In addition, management-employee meetings were organized with the participation of IRID employees before the process of evaluating the competences of employees at enterprises. In these meetings, extensive information was provided about the competency requirements in the job standards, evaluation criteria, requirements for successors selected for high and very high importance positions, and individual development plans. In 2021, a total of 12,501 people's competence was evaluated within the framework of the Competency Management process at SOCAR's enterprises. As the next stage of the process, the selection of critical tasks was carried out, and in total, 1,504 critical tasks were identified. The successors were selected from among the employees whose competences were evaluated for positions approved as critical positions, based on their evaluation results and qualification indicators. In order to ensure a more objective and transparent decision on the appointment of

successors to vacant high or very high positions, career interviews were organized in accordance with the relevant methodology, and as a result, 57 successors were appointed to the position in 2021.

One of the functions performed within the framework of human resources management processes in SOCAR is the process of determining and evaluating individual goals of employees. The planning stage of the process started in 2016, and it was implemented in SOCAR enterprises in 2021. The work carried out in connection with the planning and implementation of the process was as follows by years:

- 2016/2017-Methodological documents of the processes have been prepared.
- 2018-It was implemented in the form of a pilot in the Operation Department of Gas Storages of "Azneft" BU of SOCAR
- 2019/2020-Project processes were implemented on a larger scale, individual goals were defined for employees.
- 2021-Individual goals have been set for employees in all structures of SOCAR.

6. Conclusion

Corporate strategies are essential for any organization that wants to achieve sustained success over the long term. These strategies provide a framework for decision-making that helps companies to align their activities with their goals and objectives. By implementing effective corporate strategies, companies can optimize their resources, identify new opportunities, and mitigate risks.

In the case of SOCAR, the company's diversification strategy has played a crucial role in reducing its dependence on oil and gas. This strategy has enabled the company to enter new markets and expand into new sectors, such as petrochemicals, logistics, and energy. As a result, the company has been able to increase its revenue streams and maintain its profitability, even in times of volatility in the energy sector.

Furthermore, SOCAR's international expansion strategy has been a key driver of the company's success. The company has been able to enter new markets, such as Turkey, Ukraine, and Romania, and establish itself as a leading player in these regions. This strategy has not only helped the company to increase its customer base and generate higher revenue streams, but it has also enabled it to diversify its operations geographically, reducing its exposure to risks associated with a single market.

In addition, SOCAR's commitment to sustainability and innovation has been a key factor in its success. The company has implemented several initiatives to reduce its carbon footprint and promote sustainable practices. These initiatives have helped the company to differentiate itself from its competitors, attract socially responsible investors, and enhance its reputation as a responsible corporate citizen.

To further expand on the importance and impact of corporate strategies on the performance of SOCAR, it is worth noting how these strategies have helped the company stay competitive in the global energy market.

The energy sector is characterized by high levels of competition and rapid technological advancements, making it essential for companies to be innovative and flexible in their operations. SOCAR has been able to stay ahead of the curve by implementing a number of strategic initiatives aimed at enhancing its competitiveness and adaptability.

For instance, the company has invested heavily in research and development to develop new technologies and improve its operational efficiency. This has enabled SOCAR to reduce its costs, increase its productivity, and provide better value to its customers. By leveraging its expertise in these areas, SOCAR has been able to stay ahead of its competitors and maintain its position as a leader in the energy sector.

Furthermore, SOCAR's corporate strategies have enabled it to build strong partnerships and collaborations with other companies, governments, and stakeholders. This has allowed the company to access new markets, technologies, and resources, as well as to leverage the expertise and knowledge of other organizations. Through these partnerships, SOCAR has been able to expand its operations, develop new products and services, and explore new business models.

In addition, SOCAR's corporate social responsibility initiatives have helped the company to enhance its reputation and brand image. The company has implemented several initiatives aimed at promoting sustainable practices, reducing its carbon footprint, and investing in the well-being of the communities it serves. This has helped to build trust and confidence among its stakeholders, including customers, investors, and regulators.

In conclusion, the importance of corporate strategies in the success of a company cannot be overstated. Effective strategic planning and execution are crucial for achieving long-term growth, profitability, and sustainability. SOCAR's corporate strategies have enabled the company to become a leading player in the energy sector, and continue to drive its success in the future. By continuing to focus on diversification, international expansion, sustainability, and innovation, SOCAR is well-positioned to navigate the challenges of a rapidly changing global market and achieve sustained success over the long term.

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