

Importance of Strategic Management in Indian Organizations

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ABSTRACT

This paper studies the importance of strategic management in the Indian corporate sectors. In modern times, the world economy has faced dynamism, complexity and uncertainty in the international business environment. The attainment in corporate sector will depend on management's acknowledgment of the following functions: examining the environmental changes, identifying the strategists, promoting them to think innovatively, setting goals, launching strategies to achieve objectives, give responsibilities and executing the strategies, determining success and assessing results.

The comparison between the Eastern and Western corporate sector also helped in understanding the role of the environment in planning the strategy for the business organization.

1. History of Strategic Management

Until the 1940s, the strategy was primarily for the military. Military history is full of stories about strategy. Almost from the beginning of noted time, leaders during the battle have formulated offensive and counter-offensive moves for defeating an enemy. The word strategy derives from the Greek word "strategia" and entered the English vocabulary in 1688 as strategie. According to old Military Dictionary, it varies from strategies, which are immediate measures in face of an enemy.

Strategic management often derives lessons as well as representations from classic military strategy. For example, major business decisions often branded as "strategic" while more minor decisions referred to as "tactical" decisions.

When an association's environment is stable and foreseeable, strategic planning can provide adequate of a strategy for the company to gain and maintain success.

2. Introduction

Strategic management is an ongoing process that assesses the business and the industries in which the company is involved; assess its competitors and sets goals and strategies to meet all existing and potential competitors; then reassesses each strategy annually or quarterly to determine how it has been implemented.

In the Corporate sector, its appearance started after the end of Second World War. The fast development of world economies like USA, Japan and China gave an advantageous environment for large organizations, which required progress in planning and thought process. The competitive environment made it tough for the organizations to continue the success graph without understanding the varying requirements of business and implementing a plan to handle those changes.

Strategic management is a controlled approach applying the principles and process of management to find the

corporate long-term objectives and goals. The performance of any business company in the modern highly competitive economy is dependent upon the quality of its management via proper execution of strategic management.

3. Reviewing Literature

Bower stated that strategic management is considered as a professional field, the ultimate aim of which is to promote the survival, growth, and rents of the organizations. Thus the viability of the field is dependent on its ability to address issues of importance to both academics and practitioners.

Shuman in their study of strategic planning practices of the 500 fastest growing privately held companies in united states suggested that use of more formal, structured and participatory business plan increases, once the firm in operation. The CEO prefers an active and strong involvement in strategic planning and the strategic planning activity tending to be [primarily concerned with the short run and operationally oriented.

Sharma stated that all the large or small firms have to go for strategic management. For small companies the reward for adopting strategic management is improved economic performance and for the bigger ones reward takes the form of improved practices and better response to uncertain external environment. He also observes that strategic management should encourage creativity and adaptability in a firm and a swift response is solicited to shifts in environment.

Kazmi piloted a research on the status of teaching and research on strategic management mentioning its growth in years to come. The purpose given for this is micro and macro level variations in the national and international environment, making it more complex and important to understand. It emphasized that strategic issues are getting more attention in management literature as compared with the past. The main causes for insufficient states of strategic management research are lack of financial support, an unresponsive response from organizations and managers, poor

communication among the strategic management scholars in India, and absence of a research base.

Organizational strategic management process mentions the continuous planning, monitoring, exploration, and assessment that is essential to meet its goals and aims successfully. Strategic, managerial decisions and actions are important to defining the organizational long-run goals and needs regular monitoring for any important changes, chances or threats. It is a formal process that include first, environmental analysis of the organization, then strategic planning, formulation and finally strategic implementation to transform strategy into action and beyond.

The study of the environmental scanning is a major part of strategic management process. The environmental study has high impact on the strategy formulation. If the environmental conditions are more challenging then the advanced and dynamic strategies would be required to accommodate these challenges. The evaluation between the Eastern and Western corporate sector also stated that the environmental and economic factors have high impact over the design of strategic management process. It has been observed that China is in the early stage of western culture because there is lack of environmental awareness, while Australian businesses are more aware about the environmental changes.

The ability of the makeover of the organization in response to economic changes has also become important success factor in the moving environment. In the competitive environment the organizations are trying to modify their strategies as per the situation if the organization is non-adaptive then it will not be able to gain the competitive advantage and will lose the business. In this dynamic world, the organizations also have to look on corporate supremacy, social accountability and business morals while making business strategies.

4. Initiatives taken by Indian Industry and Academia

It is a Tata group initiative Founded in 1991 as a division of Tata Industries Limited. Group have around 25 years of experience in strategic management consulting business and presence over multiple countries. Group is doing fabulous job in strategic management field and encouraging others. Multiple clients have approached them specifically for inputs regarding the strategy to be adopted for India entry, working in rural markets as well as other India insight

Strategic Management Group (SMG): This group is an initiative taken by Indian academia. This strategic Management Group strives to become a knowledge storehouse for Indian organization entities by specialization in top management functions and needs in the area of global competitiveness through knowledge creation and dissemination. SMG would accomplish this through new products/services of futuristic nature integrating on multiple knowledge platforms like business planning, industry-structural dynamics, core competence, and entrepreneurship. The initiatives provide a fair idea about the increased seriousness of corporate along with the academia regarding and development of strategic management field. An effort is made handle all the major

strategic issues emerging out of complex business environment and the emerging strategic issues are summarized.

5. Strategic Management Process

The strategic management process not only important in running day to day business of an organization, but also formulate the strategies for the achievement of Long-term goals.

There are four key elements to Strategic Management.

- a) Strategic Intent and Goal Setting
- b) Strategy Formulation
- c) Strategy Implementation
- d) Strategy Evaluation and Control

6. Strategic Intent and Goal Setting

The vision and objectives of the company should always be clearly stated. The short-term and long-term goals are well defined, processes to attain the goals are identified and existing staff is evaluated to select capable people to work on the processes. Defining the levels of strategic intent of the business have established the vision, Designing mission and Setting objectives.

Environmental scanning is the basic step in the strategic management process. This includes taking a thoughtful look at how **internal and external features** affect the success of an organization. For example, a company can check at how its human resources data, plus employee turnover rates and staff satisfaction, have an impression on the company's performance. The same company might also look superficially at its competition within the organization to find at which level it can compete. Visualization and awareness of business prospects and threats restricting out of environmental developments inside and outside the country call for full environmental scanning because both the favorable and unfavorable components are included in the overall environment.

External Environmental Scanning

External environmental scanning is very crucial for any company. Sometimes, the abrupt change in the corporate environment sector or an economic crisis may prove deadly for a company. Several factors affecting the external environment are the economic environment, the Technological Environment, Competitive Environment, Political Environment, Demographic Environment, and Socio-Cultural Environment.

Over the years, many models have been used for analyzing the external environment.

SLEPT and PESTEL Analysis. Some of the techniques used for external environment scanning are Forecasting, Factor listing technique and Spying method

Internal Environmental Scanning

Identifying own capabilities and weaknesses are as important as checking the external environment. Internal environment mentions the internal condition of an organization

with respect to marketing, manufacturing, finance, human resources, and management. Assessment of the internal environment should be done in respect of the following points Marketing, Manufacturing, Finance, Human Resource, State Of Technology and Management System.

Techniques used for internal environment scanning are Common size statement, Ratio analysis, Factor listing, Funds flow analysis, and Break-even analysis.

SWAT model is used for reviewing the internal as well as external environmental factors.

SWOT Analysis-Strengths, Weaknesses, Opportunities and Threat analysis. The SWOT analysis is a very useful tool for growth and decision making for all kind of circumstances in business and companies. SWOT analysis is to find the key internal and external factors that are very important to achieving the goals.

7. Strategy Formulation

Strategy formulation is the process with which the effective action, for achieving the company's goals and objectives is defined. This process consists of three steps Generation of options, Evaluation of options and Selection of the best strategy

After studying the environmental situations, the next in the strategic management model is to generate options for objectives. These options must be in harmony with the organization's stated objectives and values. At this phase, creativity is crucial, the strategist must find out the box option, and even the silly looking ideas may be adjusted and become viable options.

After producing options; these must then be assessed. This process needs to comprise; likely success, cost effects, risk factors, time factors. After studying these factors the strategist can think upon the most suitable option.

Once all options assessed then the most suitable option needs to be selected. Before it can be applied, it needs to be showcased to the higher management for their consent.

8. Strategy Implementation

At this phase, managerial skills are more vital than using analysis approach. The statement in strategy implementation is important, as new strategies must get provision all over the company for effective implementation. Even the best strategic plans must be applied and only well-executed strategies create good advantage for an organization.

Implementing strategy involves applying strategies into practice, Developing structures and systems, managing behavioral and functional implementation.

9. Evaluation and Control

Strategy assessment is the final phase of the strategic management process. The application must be checked to be successful. Due to regularly changing external and internal

factors, managers must regularly review both internal and external environments as new strengths, weaknesses, opportunities, and threats may come. If new situations affect the company, managers must take appropriate actions as soon as possible. Observing performance is another important activity in strategy monitoring. Performance has to be quantifiable and comparable. Assessment ensures that the organizational strategy as well as its application as per the organizational goals.

10. Levels of Strategic Planning

In order to entertain the strategic management process, the strategies are formed and applied in three levels of strategic planning. These graded levels help the organizations in attaining both the short-term objectives as well as long-term objectives.

11. Corporate Strategy

The initial level of strategy in the business world is a corporate strategy, which is at the top of the grid. Before you go deeper and more explicit strategy, you need to plan a general strategy that is going to supervise everything else that you do. At a most elementary level, the corporate strategy will sketch exactly what businesses you are going to involve in, and how you plan to arrive and win in those markets. These strategies offer a way for a firm that what type of business it should be participating in. Corporate strategy is based on perceptive: Where your company is today, where you want it to be and how you want to grow there. The nature of strategic decisions inclines to be value-oriented, abstract and less concrete than conclusions at the business or functional level.

12. Business Strategy

It is good to think of this level of strategy as a 'step down' from the corporate strategy level. In further words, the strategies that you draw at this level are somewhat more specific and they typically relate to the smaller businesses inside the large organization. However, these strategies may vary from each other but all the business strategies of a company or firm remain under the canopy of the overall mission, vision, and objectives of the company. The purpose of this strategy is to gain a competitive lead in specific markets.

13. Functional Strategy

The functional strategy is the application of corporate and business strategies. These strategies are processed to effectively apply the higher level of strategies. The strategy of the functional areas like marketing, financial, productive and human resources relied on the functional skills of an organization. For each functional area, first major sub-areas are recognized and then for each of these sub-functional zones, functional content strategies, important factors, and its significance in the process of applying the strategy is recognized.

14. Company's Mission, Vision and Goals

During the strategic management process, it is important to remain aligned with the organization's mission, vision, and goals. They make a foundation of any organization. The good understanding of these objectives helps strategists in

developing the good strategic management process. Any step not in sync with the company's mission statement will not only affect the company's reputation but will also discourage the workers.

15. Planning

The company's strategic management team must start its work by directing the pre-planning tasks to prepare for strategic planning. It draws a process in which the senior leaders of a company can foresee its future and start developing the necessary measures and actions to attain that future through goals, strategies, and objectives. After the accomplishment of the pre-planning activities, the senior management can start the strategic planning process. An original strategic planning workshop can support in booming out these pre-planning activities.

16. Plan Development

A thoughtful strategic plan must be made in agreement with the organization's vision and mission announcement. An effective plan must consist of; Allot roles and responsibilities, Define priorities, Include mid-level management as active participants, Finalize how to manage implementation, Charge mid-level management with bringing into line lower-level plans, Make careful choices on the contents of the plan.

17. Communicating the Plan

In the nonappearance of information and straight communication, gossips start coming, and workers at the functional strategy level start getting wrong things. Most of the times, the strategies are just transferred to the top executives and the entire team is not taken into assurance. This leads to a serious doubt and confusion among the other team members

and affects their efficiency in doing the work. Thus while creating any strategy; strategists at all three levels must communicate the comprehensive outlines of their strategy to the people who are going to implement the plan.

18. Enhancing Commitment of the People

The workers are very important to any organization and the new success factors create a crackle among them. The higher management must take the workers in agreement. He must tell them how the new strategic management process can improve the profit of the organization and benefit the workers. Getting their confidence and commitment can get all the stakeholders in the organization on board and a combined effort towards the changeover of a company from failure to success can be ensured.

19. Conclusion

Strategic management is very important for any corporate sector and Indian corporate companies need to focus more on the strategic management processes. They need to initiate the training programs and realize the importance of strategic management for the growth of the overall company and moving towards the aims and objectives of the company. Every company buttons its strategic management effort differently. Leadership style, knowledge of the organization, structure, and confidence; all of these factors affect how a company will approach its strategic management efforts. However, it is very important that organization evaluate and monitor the policy and strategy. These factors help in the success of a plan and guarantee the company's success.

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