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An Overview of the Importance of Business Policy in Strategic Management

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ABSTRACT: ***Due to causes like globalization, newly developing technologies, socio-demographic shifts in the staff and consumer profiles, an unstable political climate, etc., businesses are finding themselves in an environment that is changing quickly. The conventional view of planned policy making is no longer applicable. As a result, courses that formerly concentrated on teaching business policy in isolation have been integrated into strategic management programs. The idea of business policy will be presented in this section. Despite being separate ideas, business strategy and policy have certain connections. They are the two foundations that help businesses thrive in a cutthroat and demanding marketplace. Therefore, it's crucial to comprehend corporate policy in the context of strategic management.***

KEYWORDS: ***Business, Environment, Management, Policy, Political.***

INTRODUCTION

A business's internal policies, which outline its decision-making processes and operational procedures, are referred to as its business policies. It is a plan created by the top management that is carried out by the levels below for efficient day-to-day operations of the company. Every business, no matter how large or little, has its procedures. Some companies have a leader or owner who makes all business-related decisions. This is a common problem for small businesses. However, as an organization becomes bigger, it often becomes necessary to transfer decision-making to higher levels. Instead of concentrating on daily operations, top management must prioritize strategic management. This is where having a solid set of policies is essential to the organization's day-to-day operations.

Policies in general are declarations that direct the organization's activities, decisions, and thought processes. Although there are several definitions of corporate policy created by strategists, a few of the more well-known ones are included below: The investigation of senior management's roles and duties, the issues that are vital to the performance of the whole business, and the choices that set the course of the company and its destiny. Steiner, Christensen, and others "Policy refers to goal-directed choices and activities in which resources and skills are linked with environmental opportunities and risks. Consistent choices and activities are taken following policy and strategy to cope with the environment. Michael Mintzberg.

"Business policy primarily involves choices affecting the course of a continuing business. After carefully assessing the organizational strengths and weaknesses concerning its environment, such policy choices are made at the highest level. Thomas, R. E. Therefore, the business policy is a collection of rules used by middle and lower management to distribute resources, deal with problems, and make decisions within a pre-determined sphere of influence without contacting top management. It specifies the parameters and circumstances in which subordinates may autonomously decide on normal daily tasks. The senior management sets the policies that govern managerial behavior.

FEATURES OF BUSINESS POLICY

The features of business policy given below will further clarify the concept and understanding of corporate policy.

1. **Generalizations:** Policies serve as guiding principles that take management theory and organizational goals into account. They thus include broad, qualitative declarations of purpose and behavior. This guarantees broad applicability and adaptability to a variety of situations.
2. **Long-term perspective:** Unlike strategies, policies don't have deadlines or expiration dates for their applicability. They are living

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records that, until changed, remain current. This is crucial for giving the economy stability.

3. **Aligned with organizational goals and objectives:** Business policies are developed at the strategic level as a way to achieve the goals and objectives of the business. They must go through the company in a top-down fashion.
4. **Multi-level existence:** Evident from the above, policies flow and exist across multiple levels in the organization. Each policy is typically tagged to its parent policy to ensure traceability and alignment across top management, middle management, and lower management levels [1].
5. **Delegating decision-making for repeated and routine tasks**: Unlike strategy, which addresses brand-new difficulties for the company, a policy's primary goal is to ensure the efficient running of repetitive and regular tasks.
6. **Positivity:** Business policy serves as a roadmap for management activity. As a result, it approaches what has to be done positively. Most of the time, it creates a positive atmosphere with the staff and other people. The policy's phrasing in some ways mirrors the business culture and ideals that are supposed to motivate managers.
7. **Non-repeatability:** Policies exist at many corporate levels and are intended to distribute authority and control. They must thus refrain from handling circumstances and doing recommended actions repeatedly.

The workers get confused as a result. Although business strategy and policy are sometimes used interchangeably, they are two different ideas and should be understood as such. There is a subset of management professionals that equate strategy with policy. For instance, William Glueck states that "management policy is long-range planning" when defining corporate policy. Management policy, long-range planning, and strategic management are all essentially synonyms. Earlier, when the strategy was mostly an internal activity, this point of view may be valid. Businesses localized their markets, resources, legal and political environments, and the communities they touched. Strategic management would be addressed in business policy courses offered by management colleges.

This point of view and the field of strategic management has recently experienced a significant transformation. The strategy has been transferred outside of the organization due to increased globalization, as well as multiple-leveled technical, social, and political influences. Business policy is a result of research into top management decision-making and functioning, and it enables bottom management to effectively manage and run repetitive/routine tasks. While strategy, as you may have learned in the preceding sections, is an organization's forward-looking road map that integrates both internal and external aspects to assist the business reach its vision, goals, and objectives. While swift and efficient decision-making is an important component of strategic management, the strategy also includes other growth-oriented, outward-looking elements, such as managing opportunities and risks, spotting and capitalizing on trends, and organization performance management. [2], [3]

According to a different perspective, the policy is a method for carrying out a strategy that is governed by Robert Mudric's definition of policy: "A policy establishes guidelines and limits for discretionary action by individuals responsible for implementing the overall plan." This interpretation of company policy limits its application to the tactical level and verges on treating it similarly to processes and procedures. As was said, past policies are still in place, even at the strategic level. The chart above demonstrates a clear distinction between corporate policy and strategy, however, the figures below show how they are also interconnected: Business policy incorporates components of strategy and is a crucial instrument for putting strategy into practice. The following strategic inputs are given to corporate policy:

1. An operational planning framework
2. A plan and order for the organization's operations
3. Responsibility and accountability for completing tasks by the deadlines established
4. Assures the best possible allocation and exploitation of the organization's resources
5. Aligning people, processes, and behaviors with the overarching strategic goal to increase organizational effectiveness
6. A guiding point of reference for continuing judgment.

A comprehensive business policy aligned with a well-thought-out strategy can help the organization achieve its goals and objectives [4].

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Policies and Procedures

Despite being produced by the top management, business policies may be developed and implemented in either a top-down or bottom-up manner. As the name indicates, in a top-down method, the policy is created and agreed upon at the top and then delegated to the lower level for implementation. The benefit of this model is that policy and strategy alignment can be guaranteed. It takes longer to implement since, at the lower level, it is a new entity. The second strategy, known as the bottom-up strategy, has its start at the organizational operational level. Although more inclusive and based on practical realities, it lacks the top management's backing and strategic alignment.

High-level papers called policies are used to communicate the management plan to the operational level. The documenting of low-level, intricate processes and procedures is further guided by policies. As a result, processes may be thought of as detailed instructions that carry over the underlying policy's spirit. Procedures are customized to the context, technology, environment, user, etc. since they provide explicit instructions for carrying out a particular action. Updated processes are necessary if even one of these criteria changes. As a result, it may be said that processes are more dynamic than policies. For instance, an organization's recruiting strategy may call for the lateral hiring of experienced employees in the event of certain project needs. How the hiring team will find these lateral recruits will be outlined in a method.

Types of Business Policies

We have already examined what makes for a successful company policy in the previous parts. Policies must be compatible with laws and regulations while reflecting corporate objectives and senior management thinking. In reality, many policies are developed only to satisfy regulatory obligations. Examples of this include policies on privacy, sexual harassment prevention, and whistleblowers. Quality & audit policies, sustainability policies, and other company policies are examples of another sort of business policy that might result from the market or consumer demands. As mentioned above, a common method of categorizing policies is based on functional domains. The graphic below illustrates some of the typical forms of organizational policies based on functional areas:

Operations manuals, handbooks, standard operating procedures, guidelines, and other terms may all be used to describe policies. By their purpose, policies may also be categorized:

1. **Regulatory:** The majority of the above-discussed policies fall under this category. These rules make sure that the organization operates in conformity with local and federal regulations. When drafting their rules, some organizations go above and beyond the minimal legal requirements. Policy for the Prevention of Sexual Harassment, for instance
2. **Advisory:** These are rules that demand a certain method for workers to behave or operate. These regulations suggest acceptable standards and the associated penalties. For instance, social media guidelines
3. **Educational:** These are generally intended to disseminate information. These policies often encompass procedures like a policy for handling consumer complaints, etc.

A policy may be classified as Major or Minor depending on the level at which it works. Major policies are those that are developed by senior management to address broad company goals, organizational structure, resource allocation, and other key areas. Major policies also include senior management operations and processes. As the name implies, minor policies operate at a lower level. They often form part of a larger policy and are frequently developed at the departmental or unit level. The minor policies manage the organization's daily activities, and their efficient execution also contributes to the efficacy of the big policies. [5].

In a similar way policy from a hierarchical perspective, policies can be tagged as parent or child policies. Following a top-down approach, child policies refer to the parent policy in intent and guidance but operate at a lower level of hierarchy. This hierarchy of policies helps to align all corporate policies and trace them back to organizational objectives, structure, and strategy. There are many other ways to classify policy, only some key types have been discussed in this unit. Students are advised to go through the suggested readings to gain an understanding of other types of classifications.

DISCUSSION

We have seen that various company policies may be developed at various levels for various objectives. As a result, these policies have a wide range of effects on the business and its stakeholders. Policies concerning, for instance, safety, privacy, health, etc., may promote productive work environments in organizations. A competent and motivated staff may be produced via

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HR practices including remuneration, performance management, incentives, and recognition. Similarly to that, quality management and customer interaction policies influence the general customer experience with the good or service. Some policies, such as those relating to ethics, the whistleblower policy, and social responsibility, enhance the organization's reputation.

Policies that are written out also establish expectations for various actors. Employees, for example, are aware of the appropriate actions to take in certain scenarios. Customers will also be aware of what to anticipate from the company in terms of quality, cost, delivery, etc. This in turn affects how an organization operates. But be careful, a policy is only as good as how it is put into practice. As a result, many firms have fancy policies but apply them ineffectively. These organizations fail over time, and some may even fall apart as a result of only one large negative event. [6], [7]. As a result, it is clear how crucial company policies are in influencing a variety of organizational factors, including legal, workers, brand, and consumers. From the aforementioned, it is also clear that the policy and organizational objectives are linked in reverse. Fairness among important stakeholders, including workers, clients, and suppliers, is also created through the transparency and consistency of the policy-making process. We will learn about the procedure for developing sound corporate policies in the part that follows.

Business policies combine managerial expertise with a sophisticated overlay of internal connections to provide a standardized way to make decisions and address problems. Although the finished product of the company policy, which includes the aspects mentioned above, may seem to be a straightforward handbook or paper, its creation is a laborious effort in and of itself. The process of creating policies is democratic because it combines the expertise and experience of the organization with the thoughts and opinions of the general public. Before we discuss the procedures for creating corporate policies, let's review the fundamental elements that the policy should cover:

1. It should include a strategy the company will use in the future to achieve its goals and objectives.
2. The substance of the policy should be able to shape the personality and identity of the company.
3. It should be able to fully address the senior management's tasks and responsibilities for both present and potential future difficulties the business may encounter.
4. The aspect of resource mobilization toward the accomplishment of organizational objectives should also be included in policies.

Business policies are thus presented as rules, processes, and guidelines to handle the aforementioned factors and provide decision-making help without really making choices. It should just provide restrictions, limitations, and guidelines for management conduct.

The following stages are included in the policy-making process:

1. Being aware of Corporate Goals: As was said at the beginning, many startups and small firms may lack clearly defined company rules since the owner/leader essentially makes all the choices. But when the business expands, rules become necessary to develop and simplify operations, or because of a legal or consumer obligation. Therefore, setting organizational goals is a crucial first step in creating policies. Additionally, it makes sure that the policies are in line with the objectives of the company.
2. Conducting Internal Analysis: Since policies are largely internal documents that incorporate information, experience, values, and culture of an organization, conducting internal analysis is the most important stage in formulating policies. An organization's internal environment generally consists of its structure, personnel, resources, values, etc. These things distinguish the organization and provide the organizational policies with a special place in the organizational setting.
3. Examining Pertinent External Elements: Despite the often-repeated assertion that policies are mostly inward-looking, external influences do have an impact on policies, either directly or via strategy. Regulations, laws, market practices, and social pressures are only a few of the characteristics that affect an organization's business philosophy. Even if external issues are mostly beyond the organization's control, it is crucial to consider how they will affect the policy while it is being developed.
4. Assessing Various Policy Options: Following analysis, the environment in which the policy is to be developed is established in terms of the strengths, weaknesses, culture, values, and any outside forces. Based on the aforementioned and enhanced by prior knowledge or best practices, policy alternatives are generated. Based on their contribution to organizational goals like

profitability, growth, and productivity, these policy alternatives are assessed. Policy solutions are assessed according to various criteria, including their viability and simplicity of implementation.

5. Determining the Policies to be Created: The next phase in the process is to choose the best suitable policies among the many policy possibilities. This generates a list of policies that may be developed, such as:
   - i. Business policies: Sales and marketing, operations, materials, servicing, etc.
   - ii. People policies: Labor, HR, recruitment, health, and safety, etc.
   - iii. Regulatory: Audit & compliance, security, privacy, anti-discrimination, etc.
   - iv. Strategic: Innovation, customer experience, ethics & sustainability, etc.
6. Documentation, testing, and release of policies: Some of the above policies could be industry-wide standards used by all businesses in the sector.

   These policy templates are often readily accessible and may be quickly evaluated and tailored to the unique business environment. However, certain policies will be so special that they must be developed from scratch since they take into account the unique firm environment, culture, and strategic goal. The majority of the policies, however, will fall into both of the aforementioned categories, i.e., be specific to the organization while following customary commercial procedures or legal criteria [8].

Components of Business Policy Document

By now you will know that business policy defines rules and boundaries for managerial action, while not giving the decision. Hence it normally starts with a mission- statement-like a rule which sets out the objective of the policy. The other components of the policy would typically be:

- **a.** Title: The title of the policy is a meaningful phrase that will indicate what the policy is about.
- **b.** Policy: This contains the actual text of the policy.
- **c.** Purpose: The purpose of the policy lays out the need for the policy.
- **d.** Scope: Applicability of the policy defines its scope
- **e.** .Responsibilities: Who does what in the different scenarios is covered under the responsibilities section.
- **f.** Definitions: Some terms of the policy may need to be defined in unambiguous terms so that everyone has the same understanding of them.
- **g.** Special cases/deviations: Any exception or special cases which can be anticipated or may not be anticipated get handled in this section.
- **h.** References: Is this policy linked to any other policy or refers to other organizational documents.

Each policy has unique content and could have a few more components depending on how it is being created. Policies about quality standards, for instance, may include measurements, KPIs, standards, etc. The policy is more or less prepared, however, if the aforementioned concerns have been addressed. Before beginning the process of formulating policies, it is customary to check over the templates that are already accessible and make use of any tools that might speed up the procedure as a whole. The policy itself is a customizable document that is released and stored using configuration management procedures. Each phase feeds into the next step in the iterative process which is policy formation. If any step fails, the procedure cycles back to the first one for reevaluation [9].

Checklist for Good Business Policy

After understanding the significance and function of business policy, it is obvious that a well-written, concise, and clear business policy is a crucial instrument for the efficient operation of daily company operations as well as a cohesive working environment that is in line with the top management's thinking. Every firm normally has a variety of policies, but a good policy must include the following essential characteristics:

- **i.** Detailed: The substance of a good policy should be clear and detailed. The

application of generalized policies will be uneven.

ii. Unambiguous: It should be described clearly and should not be subject to interpretation. Abbreviations and overuse of jargon should generally be avoided.

iii. Uniform: The policy should be trustworthy and consistent in how it handles various issues at all organizational levels. Additionally, this increases the legitimacy of the policy and increases employee buy-in for it.

iv. Appropriate and Suitable: The policy must be suited to the organization's aim; otherwise, it is unnecessary.

v. Simple: It should be stated in straightforward terms that the wider business can understand.

vi. Comprehensive: The policy should cover all conceivable situations and outcomes. It should have a broad reach so that everyone in the company may utilize it.

vii. Stable and Flexible: The policy should not be often changed and should be both stable and flexible in its application so that managers may utilize it in a variety of situations without consulting top management.

A well-crafted company policy supported by the aforementioned characteristics will allow for efficient corporate governance and strategic business growth in a changing environment [10].

CONCLUSION

Laws are only as good as their execution. This proverb applies to both business and legal policies. We often come across firms that have a ton of sound rules yet are only just able to stay alive. This often results from the policies being implemented ineffectively. It must be a methodical, consistent, and persistent endeavor, as is the case with the majority of implementation efforts. The first step in implementing a policy is raising awareness. Every policy has a set of relevant stakeholders for whom it is relevant. It is necessary to inform this group of stakeholders about the policy, its contents, and any later adjustments or amendments. Employees are the most typical stakeholder in a policy. As a result, workers who work in marketing should be familiar with the relevant marketing policies, vendor managers with the procurement rules, etc. Employers must be informed of pertinent policies and periodic modifications by business leaders. Additionally, they must later make these regulations accessible for use and comment.

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An Analysis of the Implementation and Governance of Business Policies

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ABSTRACT: Compliance and safety-related policies tend to be more general in scope and may be applied to all organization personnel. These seminars are often included in companies' induction programs for new hires. Some companies additionally require that workers periodically revalidate their familiarity with and comprehension of the most recent regulations. This is a beneficial practice since it requires staff members to keep informed of company rules. The control of the policy's compliance is the next crucial stage in its implementation. A good policy is smoothly incorporated into the function's processes and procedures, making compliance easy. Nowadays, with the majority of business activities now being digitalized, this is a simple digital procedure. In the majority of these situations, there would be little to no policy violations. Every policy does, however, have certain exceptional circumstances that cannot be foreseen and/or managed at the time the policy is being developed. Such matters are often handled independently, which makes them vulnerable to breaches.

KEYWORDS: Compliance, Control, Enforcement, Guidelines, Implementation, Oversight

INTRODUCTION

Whatever the reason or nature, infractions of company policy must be handled by senior management fairly and consistently. It is crucial to do this to express consistency, severity, and justice about the policy, its application, and any potential consequences. Employee expectations are correspondingly created, and if policy infractions are handled inconsistently, employees will feel even more confused. Many rules are only stated in detail in situations of infractions. In various situations, including the prevention of sexual harassment, ethical behavior, privacy, etc., management has a "zero tolerance" policy. This implies that any infraction of such rules will result in disciplinary or punitive action being taken against the offender. Other less serious offenses might be dealt with more gently via warnings or retraining. Any company must take seriously the creation, execution, and compliance with business policies. It affects the organization's operating in softer ways as well as protecting it from legal problems and moving it closer to accomplishing its strategic objectives and aims [1].

Evaluation and control of policy

As was said, older policies don't have a deadline or expiration date. If they are not changed or repealed, theoretically they remain in effect forever. The strategic plan must be evaluated regularly, its performance must be tracked, and course adjustments must be made as needed. Similarly, to this, reviewing, monitoring, and controlling policies must be a scheduled action carried out regularly. Depending on their complexity, urgency of change, and criticality, various policies must be evaluated at various periods. A policy on quality standards, for instance, does not need to be evaluated as regularly as a policy on product innovation. Because they are dynamic by nature, HR and people policies need regular revision. A rule change, for example, may cause a review to be initiated. Thus, measuring, evaluating, and reviewing how well a company policy is being implemented to accomplish the desired goals may be referred to as policy assessment. The evaluation procedure includes the following three components:

1. **Appropriateness: The policy's applicability to the evolving organization or various outside circumstances has to be assessed. It must always be made sure that it is in line with the overall strategy plan.**
2. **Consistency: A policy should be consistent in pursuing its goals.**
3. **Feasibility: This relates to how simple and successful the policy's implementation will be. Users' feedback loops are a crucial tool in determining if a policy is feasible.**

The control phase, which comes after the policy review process, effectively starts corrective action in the major change areas identified during the evaluation process. A control measure could include changing the

policy, ending the present policy, or developing a new policy. Any of the aforementioned choices might potentially be combined. Among the techniques used in the process of evaluating and controlling policy are audits and feedback loops. While feedback is a choice activity, the audit is a required activity, therefore they both complement one another. The organizational culture and working environment have an impact on both instruments' efficacy. Policies and procedure audits comprise an examination of the supporting documentation and confirmation that reality complies with the intended outcome.

A discrepancy between what is stated in the policy and reality suggests that the particular circumstance may not be covered by the policy, that it may be challenging to follow, or that an employee may have failed to follow the policy either purposefully or out of ignorance. Businesses now operate in a volatile world that is always changing; therefore, change is now part of every business activity. A part of the strategic assessment process is policy evaluation. Business policy is still a strategic document even if it functions at an operational level, and it's crucial to keep in mind how they were related earlier in the unit. [2], [3]

Decision-making and resource mobilization are delegated to lower levels using a collection of rules, principles, and guidelines known as business policy. It deals with how an organization operates daily. Business policies are broad, supportive statements with long-term validity that were developed in harmony with the aims and objectives. They have a hierarchical structure, with top management reporting to middle management and bottom management. Good policies are clear, concise, stable, unequivocal, thorough, and consistently applied across the organization. It differs from strategy in several ways while also being connected to it in several other ways. The main function of strategy is to provide an organization with a roadmap for achieving its goals and objectives while taking into account both internal and external considerations. Corporate policy has often been compared in the past to strategic planning or tactical application. This is an outdated and constrictive understanding of the reach, purpose, and effects of company policy.

The next level of specific instructions after policies at the operational level are processes and procedures. Furthermore, there are several sorts of policies that exist at various levels of an organization, depending on the size and complexity of activities. Policies affect the culture, atmosphere, and image of the company. A difficult undertaking, formulating policies requires knowledge, experience, and skill in the field of policy making. Policies that take into account the broad viewpoints and opinions of those impacted tend to be more well-liked inside the company. Business policy is a strategic instrument that offers a well-organized means of putting management purpose into practice and accomplishing organizational objectives. At the end of the day, every action done by a firm employee has an impact on the business, either favorably or badly. These daily tasks are guided by policies at all levels of the business. One of the most important factors in whether or not an organization achieves its purpose is the quality of its policies. Business policy is a collection of rules that middle and lower management utilize to distribute resources, address problems, and make decisions in a predetermined area without consulting others.

Strategy is an organization's long-term road plan that takes both internal and external elements into account to assist the business achieve its goals.

1. **Procedures: A detailed set of instructions for undertaking a certain activity.**
2. **Policy Evaluation: Process of measurement, testing, and review of the effective implementation of a business policy to achieve the target objectives**.
3. **Advisory policies: Policies that prescribe a certain way of functioning or certain behavior and advise consequences thereof.**
4. **Informative policies: Policies designed primarily for information dissemination**.
5. **Ethics policy: A policy that specifies how employees are expected to behave while working for the organization.**
6. **Whistle-blower: An individual who reports unethical, questionable actions of other individuals in the organization or practices of the organization itself.**
7. **Management Responsibilities: Top management tasks which are accomplished with and via others in the organization and which help in meeting corporate objectives [4]**.

Pick a local small company to support. Engage the owner and staff of the small firm to develop a single policy for them. The policy might be as simple as a social media or leave policy. Create the policy by

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using the lessons you learned from the unit. In light of the lessons from this unit, choose the same policy from 2 distinct companies and analyze and contrast the aspects of both policies. Activity: Examine a company's publicly accessible social media policy, identify its elements, and evaluate it in light of the qualities of a good policy. You studied Business Policy and its historical evolution in the preceding unit. You gained knowledge of the components and formulation of corporate policies, their range, and the variables influencing them. You will learn about strategy and the significance of strategic management in this course.

Economic developments make strategic management necessary in a given setting. Numerous economic shifts have forced a need for modifications in strategic management. The need for and facilitation of strategic management may be attributed to several variables, including the expanding size and complexity of contemporary companies, the globalization of business, the revolution in knowledge and information, the accelerating speed of innovation, and changes in employee, company, and work concepts. The emergence of strategic management did not happen suddenly. Strategic management has gone through the logical development phases throughout time, passing through the shift from company policy to strategic management. [5].

DISCUSSION

To comprehend the need and significance of strategic management, it is crucial to comprehend the notion of strategy. The current business environment is marked by constantly shifting markets, requirements, wants, technology, rivals, and goods. Gaining a sustained competitive edge in every area of an enterprise's operation is crucial in such a circumstance. As a result, businesses and enterprises must continually take action to achieve a competitive edge and solid competitive positions. These never-ending stages focus more on developing competitively valued skills and capabilities that are anchored in systems of activities that are challenging for competing enterprises to match. They are not only restricted to the operational components of a corporation.

The word "strategy" is derived from the Greek word "strategies," which means "generalship." Before the adversary is attacked, soldiers are typically moved into position as part of a military plan. Thus, it describes the military formations of soldiers that the generals cunningly deploy for a purpose, determining the best course of action and compelling the men to successfully carry it out. Additionally, the generalship emphasizes finding substitutes for resources and developing operational and short-term strategies to assist troop execution. The skill of organizing and directing all military actions and movements during a war or fight is what the word "strategy" refers to, according to the Oxford Dictionary. The phrase "Strategy" included a variety of tactics, logistics, siege craft, and other topics. The phrase was also widely used in East Roman terminology in the sixth century C.E., and it was eventually translated into Western common languages in the tenth century. The term "strategy" later evolved to mean "a comprehensive way to try to pursue political ends, including the threat or actual use of force, in a dialectic of wills" in a military war, in which both opponents engage [6].

According to its etymology, the phrase means "art of a general," and it derives from French strategies as well as directly from Greek strategus, which means "general, commander of an army" and the Greek strategic, which means "office or command of a general." The words "Stratos" signify "many," "army," "empire," and "encamped army." As a result, it alludes to commanding forces in combat someplace. When these ideas are applied to the business world, strategy entails strategic planning, thinking, and execution that aims to dominate in terms of competitive advantage and profitability by concentrating on all business aspects, from products, production capacities, resource allocation, market needs, technology, logistics, and returns. Strategy is planning and keeping an eye out for potential threats. An organization may effectively close the gap between means and goals by implementing strategies and using tactics.

In his book, "The Concept of Corporate Strategy," Kenneth Andrews provides this extensive explanation of strategy "Corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the primary policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities," according to one definition of corporate strategy [7], [8]."

The definition of strategy in Top Management Strategy by Benjamin Tregoe and John Zimmerman of Kepner-Tregoe, Inc. is "the framework which guides those choices that determine the nature and direction of an organization." An integrated set of actions

designed to create a sustainable advantage over competitors" is how McKinsey first defined strategy. According to Alfred Chandler, strategy is "the determination of an enterprise's fundamental long-term goals and objectives, the adoption of the courses of action, and the allocation of resources necessary to achieve these goals." The definition of strategy according to Igor Ansoff is "The common thread between the organization's activities and product-market that defines the fundamental nature of the business that the organization was or planned to be in the future." Ansoff described the strategy in a different way later in the year 1984 as "a set of decision-making rules for the guidance of organizational behavior." Strategy is described by Henry Mintzberg as "a pattern in a stream of decisions and actions". Additionally, he described intentional and emergent tactics. He clarified that managers consciously construct planned strategies, but emergent strategies arise gradually over time. According to Glueck, "Strategy is the unified, comprehensive, and integrated plan that ties the firm's strategic advantage to environmental concerns and is meant to guarantee that fundamental organizational goals are attained via appropriate execution procedure."[9], [10].

CONCLUSION

Strategies are the competitive moves and business approaches that managers are employing to grow the business, attract and satisfy customers, compete successfully, conduct operations, and achieve the targeted levels of organizational performance, according to Thompson, Strickland, Gamble, and Jain. Planning for foreseeable eventualities as well as, perhaps more importantly, for those impossible contingencies of which the firm has no prior knowledge," is how Peter Drucker defined strategy. According to Michael Porter, strategy is the "creation of a distinctive and valuable position involving a different set of activities." The strategically positioned corporation either conducts operations distinct from those of competitors or conducts comparable activities in various ways. Developing and expressing the company's distinctive position, making trade-offs, and creating fit amongst operations, according to him, constitute the foundation of general management.

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An Elaboration of the Different Perspectives on Strategy Formulation and Implementation

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ABSTRACT: According to Steiner and Milner, strategy is the creation of company missions, the setting of organizational goals in light of both internal and external forces, the formulation of specific policies and strategies to achieve goals, and the proper implementation of those strategies to ensure the achievement of the organization's core goals. According to Argyris, strategy is a reflection of external forces: "Strategy formulation and implementation include identifying opportunities and threats in the organization's environment, evaluating the strengths and weaknesses of the organization, designing structures, defining roles, hiring suitable personnel, and developing suitable rewards to maintain those personnel's motivation to contribute".

KEYWORDS: Argyris, Company Missions, Design, Evaluation, External Forces

INTRODUCTION

Schendel and Hatten provide a different definition, describing it as "the fundamental goals and objectives of the organization, the major programs of action selected to achieve these goals and objectives, and the major pattern of resource allocation used to relate the organization to its environment." Prahalad and Hamel's definition of strategy as more than simply resource allocation and fit was adopted by Indian management educators and gurus. Stretching and leveraging resources are involved. According to Subba Rao, a strategy is a planned or spontaneous sequence of actions that is anticipated to help an organization accomplish its objectives. A strategy is "a reflection of the attitudes and beliefs of those who are most influential in the organization," according to Srivastava and Verma [1]. The limits that are set for a firm's operations and whether a company plans to grow or consolidate indicate a lot about the beliefs and attitudes of the management involved in developing and implementing strategy. Collectively these definitions explain the concept of strategy as an overarching plan that defines the directions, extent, pace and growth to an organization. Combining these concepts, you may provide the following explanations for strategy:

- i. A strategy is a plan that establishes an organization's long-term goals and objectives.
- ii. Strategy defines objectives, purposes, or goals and aids in the design of key plans and policies for accomplishing those purposes and goals.
- iii. A company's long-term direction and character are determined by the economic decisions that the strategy directs.
- iv. A strategy is a comprehensive plan of action that aids in securing a long-lasting competitive advantage.
- v. A strategy is a cohesive, all-encompassing, and integrated plan that links a company's strategic advantage to its surroundings.
- vi. Strategy aims to make trade-offs in the resource allocation in this set of activities and tries to leverage strategic fit in order to develop a distinct and valuable position involving a different set of activities.
- vii. The organization's operations, departments, resources, policies, goals, and objectives are all unified by its strategy, which aims to achieve a desired future state.
- viii. Strategy establishes the planned course of action and calls for the appropriate resource allocation required for long-term objectives [2].

Nature of Strategy

The strategy is a broad plan of action and resource deployment that places emphasis on choosing the best course of action for achieving organizational goals, establishing priorities, and allocating resources in light of the constantly changing environment. Thus, on the basis of the above definitions you may identify the nature of strategy in a distinguished way;

i. To gain a competitive advantage over competing companies, strategy attempts to align an organization's resources, competencies, and key competency areas with its objectives, products, and markets.
ii. A long-term perspective and foresight are key components of strategy when dealing with new conditions. Most strategies have a broad time horizon and envision a company in 5 to 10 years. Strategic planning, however, shouldn't be dogmatic about the time horizon and should take the near future into account.
iii. Strategy helps in establishing equilibrium vis-a-vis environment which caters to both external and internal Environment. Strategy tries to blend the strengths and weaknesses which are internal to the company with the host of external factors which demarcates opportunities and threats.
iv. The ideals, expectations, attitude, philosophy, and moral tenets of those in charge of the situation have an impact on strategy. The highest-level managers and executives create strategy with a comprehensive viewpoint and knowledge to prepare for the business as a whole [3].
v. Strategy also sets a company's vector or directions for both inside and outside of an industry that a company wants to follow with the goal of boosting sales.
vi. Strategy develops its own standards and processes for effective adoption and implementation in an organization. Additionally, it describes the steps taken in the marketplace to get a competitive advantage over rivals.
vii. Strategy is fluid and not just a one-time usage strategy. It is created by carefully examining the very volatile situations.
viii. Strategy develops the skills necessary to meet a variety of demands and possibilities in a dynamic and unpredictable competitive environment. It entails learning to manage risk and uncertainty.
ix. Strategies are both proactive and reactive; proactive measures are made to improve the company's performance and to gain a competitive advantage, while reactive measures are employed to address unplanned and unforeseen market situations [4].

Levels of Strategy

In the previous section, we learnt about the meaning and nature of strategy. You also learnt from the various definitions that overall strategy is all about collection of strategic plans, initiatives and actions that ushers competitive advantage to a firm synergistically across the various operations of a firm. Now, in this part of the unit you will learn about the different levels at which strategy can be formulated and executed. Since, operations of a company are varied and diverse, therefore strategies are formulated at various levels, and these are corporate level, business level, functional level and operational level.

DISCUSSION

The company's highest-level strategy, which is focused on the organization as a whole, is known as the corporate level strategy. Senior corporate executives create and design these with the goal of creating business positions in various sectors while attempting to use cross-industry synergies of various lines of operations run by the organization. These tactics are externally focused since they require maintaining homeostasis with the surrounding environment. Corporate level strategy therefore refers to the overarching game plan or plan of actions for different Strategic Business Units in accordance with the goals, allocation of resources, and coordination for achieving a competitive edge over rivals.
According to Hitt, Ireland, and Hoskisson, corporate-level strategy outlines the steps a company takes to acquire a competitive edge by choosing and managing a collection of several firms that compete in various markets and sectors. The company level strategy's main concerns are those listed below. They include: Mergers, joint ventures, takeovers, vertical and horizontal integration, expansion, diversification, and international penetration are examples of corporate level strategies. These strategies have an effect on not only the decision-makers, but also the operational and corporate strategies and tactics. Business level strategy: Business level strategies focus on developing an organization's capability for competition. The plans and actions related to effective performance in a particular company or single area of business are the focus of these strategies. These are largely focused with managing SBUs that seek to obtain competitive advantage by overcoming competition by building strong capabilities for bolstering market position and market share. These methods' main goal is to provide the market with the proper commodities of the proper

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quality at the proper time and location. Decisions concerning the Strategic Business Units under various Strategic Business Areas are made at the business level. A strategic business unit is a division of a company that is treated differently for strategic purposes. SBUs segregate company operations based on logical criteria such as product type, geography, profit, etc [5].

The units generating recognizable, distinctive items that compete with comparable products elsewhere are referred to as them. In addition, they are described as autonomous profit centers. Internally focused, they often emphasize segmentation, cost leadership, and product differentiation. These tactics focus on how to stay competitive in a certain industry. Cost leadership is important about staying one step ahead of rivals who set the features and pricing that others adopt. This may be accomplished via cutting costs and increasing efficiency. The goal of product differentiation is to distinguish a product by emphasizing its distinctive traits. Quality image, brand image, technology image, customer service, availability, and reach may all be used to create this differentiator. Segmental focus is the process of establishing market segments and attempting to follow them, for instance by classifying clients according to their age, gender, and location.

The primary aspect that has to be addressed at this level is goal congruency since it is impacted by management style, beliefs, values, ethics, and conduct. As a result, management skills, organizational duties, and administrative frameworks have to be in line with company principles and appropriate behavior. Strategies at the functional level are those that pertain to a certain function. These apply to operations, marketing, finance, human resources, information technology, research and development, and knowledge management, among other things. Functional heads create them for certain tasks, company operations, or important activities. These seek to improve business unit skills and competences in carrying out certain tasks, allocate resources within functional units, and build coordination for accomplishing corporate level goals [6].

Operational Level Strategy- Operational level strategy is concerned with action and plan for important operating units like plants, geographic units, districts, etc. and deals with operating activities like developing plant's policy, developing sales plan, demarcating Break-Even Volume, hiring and selection policies of employees, and so forth. They are departmental in scope and provide recurring short-term goals for achievement. Despite being at the bottom of the hierarchy, they provide functional and business level strategies a completeness. Strategic management is the area of management that deals with how an organization functions as a whole. As a result, it is concerned with developing and putting into action the best possible strategic choices at the ideal moment, with the ideal viewpoint, and in the ideal location. Chalking and making the appropriate strategic choices at the appropriate moment are two aspects of strategic management that are highlighted in this applying them at the appropriate moment.

Therefore, strategic management entails making strategic decisions and taking strategic actions that have broad and diverse effects with a long-term perspective. As a result, critical and crucial resources are used as effectively as possible toward perceived opportunities and threats in the wake of an environment that is changing. Strategic management is a dynamic social activity that is imbued with thought and creativity. Strategic management is described by Glueck as "a stream of decisions and actions which leads to the development of an effective strategy or strategies to help achieve corporate objectives". According to Wheelen, Hunger, and Rangarajan, "Strategic management is that collection of managerial choices and deeds that defines a corporation's long-term success. It entails scanning the surroundings, developing a plan, putting it into action, and controlling and evaluating it.

Strategic management, according to Hofer and others, is "the process concerned with the fundamental organizational renewal and growth with the expansion of strategies, structures, and schemes essential to achieve such renewal and growth, and with the organizational systems needed to effectively manage the strategy formulation and implementation processes." According to Juach, Gupta, and Glueck, "Strategic Management is a stream of choices and activities that results in the formulation of a successful strategy or plans to aid in achieving company goals. The technique used by strategists to set goals and make strategic choices is known as strategic management. Strategic management is defined as the set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve the objectives of the organization [7].

The process of creating the organization's goals, considering both the current and future environments, and then developing, executing, and managing choices that are intended to help the business achieve these objectives in both the current and future environments is known as strategic management. The goal of

strategic management is to help a company adapt to its changing environment in the most favorable manner possible. It is a continual process. Strategic management, according to David, is "the art and science of formulating, carrying out, and assessing cross-functional decisions that enable an organization to achieve its objectives." Strategic management, according to Mathur, is the collection of choices and activities that managers take to decide the course of the company's success. The managers must research the general and competitive environment, connect their core capabilities with opportunities made available by that environment, try to accentuate their strengths, and eliminate their weaknesses in order to make the right judgments and take the appropriate actions based on those decisions. Collectively from the above definitions it may be inferred that strategic management encompasses managerial decisions and actions thereof that determines the long-term sustainability performance and success of an enterprise [8]. Though strategic management has been defined by different authors, however, the common elements of strategic management are mentioned as under;

- **i.** Strategic Management blends strategic planning and strategic thinking.
- **ii.** Strategic Management incorporates not only strategic thinking but also focuses on strategic execution.
- **iii.** Strategic Management involves top level management and executives as well all line managers.
- **iv.** Strategic Management is concerned with environment and tries to establish strategic fit between environment and business.
- **v.** Strategic Management is all about development of an effective strategy or strategies to help achieve corporate objectives.
- **vi.** Strategic Management is vital because of the changes in environment and has emerged as an environmental necessity.
- **vii.** Strategic Management is a continuous and unending process.
- **viii.** Strategic Management integrates all functional areas of management.
- **ix.** Strategic Management is the means to achieve the objectives and goals of the organization.
- **x.** Strategic management provides overall direction and success map for the firm.
- **xi.** Strategic Management is about allocating resources for achieving desired objectives.

Since 1991, India has never had a bigger need for strategic management. Due to the new economic policies that opened the door to a world of liberalization, privatization, and globalization, the Indian economic environment saw significant changes. This has aided in the economy's recovery from a slowing rate of economic growth, an intensifying industrial disease, and a negative balance of payments. But in addition to growing to enormous sizes as a result of market development and the technology revolution, contemporary organizations are also getting more complicated in their day-to-day operations. Additionally, as commerce and industry have expanded internationally, ecopolitical barriers have disintegrated. A company must maintain its competitive edge and generate returns that are above average in such a situation. Along with Harrison, Ireland, Hoskinson, and Hitt.

As a result, there is no choice but to increase performance across the board, which is impossible without strategic thinking and a comprehensive viewpoint that takes into account decisions about marketing, finances, research and development, production, and management information systems. It is urgently necessary to implement strategic management in the current environment since it provides the connecting thread for all of these tasks. With this explanation, the advantages listed below may be evaluated [7].

- **a)** Strategic management enables a company to adapt quickly to the changing nature of the world. Managers use this strategy in advance of a certain prediction or insight.
- **b)** Strategic management supports achieving stability in the face of environmental changes and assists in addressing organizational demands.
- **c)** Strategic management helps organizations create successful plans that advance their overall goals.

- **i.** It helps in logically, systematically and rationally assessing future problems and opportunities' that might come as roadblocks in achieving corporate objectives.
- **ii.** Strategic Management helps in combating cut throat competition with strategic, rational and futuristic moves.
- **iii.** Strategic Management helps in steering direction to the organization by integrating individual efforts to overall efforts.

iv. Strategic Management helps in laying standards or yardsticks or benchmarks for the company against which performance can be measured.

Additionally, it aids in categorizing and strengthening an organization's long-term skills and generating competitive advantages that support long-term survival and expansion in a cutthroat industrial environment. For maximum efficiency, strategic management aids in identifying and seizing opportunities as well as reducing dangers. A good information and communication system may be established inside an organization with the aid of strategic management. Additionally, it creates harmony across all activities, fostering cohesion in thought and deed at all organizational levels [9].

Aligning corporate culture with strategic effectiveness is made easier by strategic management. A company's culture may be a powerful ally in the process of executing a plan when it fosters attitudes and behaviors that are based on excellent execution. In order to drive a firm toward operational excellence, strategic management also helps in the development of core competencies and competitive skills that are highly expensive or difficult for competitors to overcome.

Long-term financial scorecard improvement is made possible by strategic management since it strengthens market position and makes scorecards more comprehensive. It supports firms in getting closer to their value chain as effectively and efficiently as possible with the fewest deviations and aids in resource allocation in an appropriate and effective manner. In order to compete in many national markets and to maintain a competitive edge abroad, strategic management is helpful [10].

In order to effectively battle severe competition and the rapid changes occurring in the corporate world, strategic management aids organizations in developing strategies, policies, and actions. After understanding the need and significance of strategic management, let's examine the process in more depth.

CONCLUSION

The strategic management process is carried out in a time period that is inversely linked to change pace. The time period would be shorter the faster change was occurring. Process is the collection of discrete actions performed in a certain order. Because it is a continual process, it is carried out in circles. Steve Jobs, the late founder of Apple, recognized the value of strategic management for surviving in business. He defined strategic management as the process that calls for careful understanding and screening of shifting business paradigms and how these changes in the environment influence a firm in formulating decisions and managing potential actions later.

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An Overview of the Understanding the Diverse Approaches to Strategic Management

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ABSTRACT: The process includes analyzing the current situation, imagining potential futures, deciding on a future course of action, implementing the plan, and finally assessing the approach. These elements of developing and implementing a strategy differ from business to business and even from sector to sector. Smaller or one-business companies may have a simple model of strategic management formulation and execution, whereas larger companies with a diverse product portfolio, geographic spread and operations, organizational structures, and ramified technological support may use systematic and detailed strategic management models.

KEYWORDS: Business, Environment, Management Policy, Political, Technological Support.

INTRODUCTION

The corporation specifies its objective and the range of commercial operations it will pursue during this period. The firm must also specify the nature of its operations and provide a framework, benchmarks, or standards for analysis, gap analysis, decision-making, implementation, and assessment. Future plans for the company may be created after the purpose, business description in terms of goods, activities, or functions, and markets, along with goals, have been established. The purpose of an organization's existence is defined by its mission, which also identifies its place in society. Objectives are explicit, quantitatively articulated aims that an organization believes are attainable. The business must define goals for the time period in relation to sales, market shares, costs, product innovation, and ROI within the context of its historical and current situation. Effective communication of the strategic objective between top executives and lower level managers is required to ensure that all efforts are directed in the same direction.

Even with such an avidity, the following are the common phases of strategic management;

1) Establishing the strategic intent
2) Formulation of Strategy
3) Implementation of Strategy
4) Strategic Evaluation and control.

The several stages of strategic management could not be easily distinguishable from one another, according to Kazmi. It is preferable to use the word phase rather than stages to indicate that several phases may coexist at their interface and that strategic actions progressively develop in one phase before blending into the next.

However, the above phases may be broken down into following

1. Establishment of Strategic Intent
2. Environmental Appraisal
3. Formulation of Strategies
4. Implementation of strategies
5. Evaluation of strategies
6. Strategic Control

The first phase is about setting strategic intent, which specifies the vision of a company, and crafting a mission that gives an idea as to how a company wants to present itself to the stakeholders and society at large. The two basic questions addressed in this phase are;

a. What business are we in?
b. What are we in business?

The environmental evaluation, which provides information on the possibilities and problems present in an area, is the focus of the second phase. The company has to build on its strengths and minimize its faults. Therefore, the term "environment scanning" or "environment appraisal" designates a procedure for gathering, examining, and presenting information for tactical objectives. The external environment must be evaluated in light of the internal environment and capabilities since the environment is very complex, dynamic, and multidimensional. It aids in the analysis of the elements that influence an organization both within and outside. Management should continuously assess the environmental analysis process once it has

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been carried out and should work to make it better. [1], [2].

After deciding on the best course of action for accomplishing an organization's goals and objectives, the third step involves developing organizational strategies. It calls for strategic analysis and decision-making, which help in formulating the plans and policies from the different possibilities that are open to the company. Implementing the strategies that were developed in the previous phase is the fourth step. The methods that have been so carefully chosen and performed are done so successfully. The main goal is to effectively translate the strategic plans into actions, which calls for managers to take initiative in leading change, inspiring employees, enhancing their core competencies and capabilities, fostering a positive organizational culture, and developing a strong intellectual foundation.

- **a.** The key questions to be addressed in this phase are;
- **b.** What can I do for executing a strategic plan?
- **c.** What internal changes are required for executing a strategic plan in the desired way?
- **d.** Are there new entries in the marketplace to pose a competitive threat?

As crucial as developing a strategy is, putting it into practice effectively requires a succession of steps, from strategy articulation through strategy engagement. If everything goes according to plan and the firm can meet its financial and strategic goals, it is regarded to have successfully implemented its strategy. This advances the organization's strategic vision and purpose. The fifth stage involves assessing strategies concerning internal and external variables, benchmarking performance, and identifying strategy gaps. The difference between present performance and intended performance, as articulated in terms of purpose, objectives, and goals, is known as a strategy gap. The most important inquiries are;

- **a.** Are the decisions being made consistent with policy?
- **b.** Are short-term and long-term goals and targets being met?

The success of the assessment process is crucial. For a strategy to be successful moving forward, a company must continually assess how well it was executed and what results were anticipated. The business should keep an eye on the success road map outlined in the strategic strategy. The main issues raised during the assessment include;

- **a.** Has the organization been successful in translating its strategy into actionable steps?
- **b.** Are decisions made appropriate for the strategic policy?
- **c.** Are events in the environment happening as projected?

The basic goal of assessment and control is to determine how well a strategy achieves organizational goals. It guarantees that the business is achieving the goals it set out to attain. It compares achieved performance to intended objectives and provides the feedback required for management to assess outcomes and take remedial action. As a result, it helps to consistently explore both Key Performance Areas and Key Result Areas. [3], [4]. In this unit, you learned about the need and importance of strategic management. You came to know about the concept of strategy and its nature. Further, you also learned about the process of strategic management.

You discovered that strategic management is the area of management that relates to how the company functions overall and is concerned with formulating and putting into action the proper strategic choices at the appropriate time and place. Strategic management is the process of making decisions for the organization's actions that have broad implications, and a long time horizon, and utilize crucial resources in response to anticipated opportunities or dangers in a changing environment. In essence, strategic management is an intellectual activity that is imbedded in a dynamic social process.

DISCUSSION

By concentrating on all parts of the company, such as goods, production capabilities, resource allocation, market demands, technology, logistics, and returns, the strategy includes strategic thinking, planning, and execution that aims to surpass in terms of competitive advantage and profitability. Business Level Strategies: Business Level Strategies focus on developing an organization's capability for competition. The plans and activities related to good performance in one's particular company or single area of business are the focus of these strategies.

Corporate-level strategies: Expansion, diversification, vertical and horizontal integration, takeovers, joint ventures, and global penetration are all examples of corporate-level strategies. Strategies at the functional level are those that are tied to a particular activity or

function. These apply to operations, marketing, finance, human resources, information technology, research and development, and knowledge management, among other things. Operational level strategy - Operational level strategy is concerned with actions and plans for important operational units, such as districts, geographic areas, and factories, among others, and it deals with the day-to-day operations of a business [5].

The company must clearly state its future vision for strategic management to be effective in achieving the desired outcome. Gary Hamel and C.K. Prahlad introduced the concept of strategic intent to the general audience, and it refers to the goals and purposes of the business. The company's perspective regarding its future condition is reflected in its strategic aim. The organization's desired goal might range from being very broad and long-term to being more focused in the near term. Realizing the limited objectives is a necessary condition for realizing the wider intents, which must be acknowledged. The aims at these many levels must thus be cautiously aligned.

Therefore, for the organization to reach its long-term aim, it is necessary to convince certain short-term objectives that are explained by the larger intents. Utilizing the longer-term objectives also makes it easier to implement the rules and standards the company uses to monitor its progress toward achieving its long-term goal. [6].

The strategic purpose was cited by Gary Hamel and C.K. Prahalad as a driving factor in management. Hamel and Prahalad made the case that Western businesses only look for advantages they can maintain by concentrating on lowering their objectives to meet resources. Japanese businesses, on the other hand, make the most of their resources by speeding up organizational learning and attempting to achieve insurmountable objectives. These businesses encourage their staff members' desire for achievement and help them stay in business by expanding the concept of global leadership. In this manner, Komatsu started to encircle Caterpillar while Canon tried to overcome Xerox. This strategic aim often includes long-term goals that force businesses to seek out new methods to succeed. For building layers of advantage, searching for loose bricks that may change the conditions of engagement, and attempting to gain via cooperation, Japanese businesses use four different strategies.

Few Western businesses have distinguished histories that make them attractive targets for prospective international rivals. The method used by most businesses to do competitive analysis explains the situation. Typically, competitor analysis focuses on the present assets of current rivals in terms of their human, technological, and financial resources. Only businesses seen as threats are those with the capacity to steadily erode profits and market share over the next planning term. Rarely considered are factors like the speed at which new competitive advantages are being built, or the capacity to solve problems quickly and logically.

Every company that has risen to a position of global prominence in recent years started with objectives that were out of proportion to its talents and resources. However, they came up with a concept that kept them preoccupied with success at all organizational levels, and they stuck with it while they continued their year-long hunt for global leadership. Prahlad and Hamel referred to it as "strategic intent." Therefore, strategic purpose refers to a persuasive statement about the direction a business is headed that expresses its long-term goals in a way that is both clear and concise. The answer to the query "What exactly are we trying to accomplish?" is provided by strategic purpose. The strategic intent can provide a sense of direction, a sense of discovery, and a sense of destiny.

Strategic intent can furnish a sense of direction, and a specific viewpoint about the long-term market or competitive position the organization expects to grow and fill the space [7].

Strategic intent can provide a sense of discovery in that it survives in difficult circumstances to the organization’s members the assurance of learning about other organizations operating in the same market, embracing their best practices, and keeping away from unsuspected difficulty.

Strategic intent may be able to make available a faculty of destiny, a worth-the-time goal around which strength and vitality can be concentrated across the organizations.

The organization's strategic purpose establishes the criteria it will use to plan the course of its advancement as well as a position of desired leadership. Additionally, the strategic goal goes beyond just unbridled ambition. The idea is also applicable to an engaging management approach that includes focusing the organization's attention on the winning spirit, inspiring people by emphasizing the value of the goal, allowing for both individual and team contributions, maintaining enthusiasm by offering fresh operational justification as circumstances change and applying intent on every occasion to direct resource allocations.

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i. The core of victory is taken control of by strategic aim. The strategic goal of Coca-Cola has been to put a Coke within the "arm's reach" of every customer on the planet.

ii. Over time, the strategic purpose becomes firmly set. Extending the organization's notice space is one of the most important evaluation tasks in the race for global leadership. Short-term activity is given regularity by strategic goals while leaving room for reinterpretation when new possibilities present themselves.

iii. A strategic aim establishes a goal that requires individual work and dedication. In a business that supports a strategic goal, senior management talks of dominating the world market. To achieve a strategic aim, a corporation should often overreact to bigger, better-financed rivals. Strategic intent gives workers a single objective worth of dedication.

To avoid the unnecessary exploitation of limited resources, this entails carefully regulating competing commitments. Managers are unable to do this by just improving upon rivals' technological and commercial techniques. Instead, they must come up with original strategies for breaking into the market, gaining an edge, and engaging in antagonistic competition. For fashionable rivals, the objective is innovation to fend off competition, which entails keeping competitive risks to reasonable levels. [8], [9].

Hierarchy of Strategic Intent

The hierarchy of strategic intent serves as a visual representation of the different connection between long-term and short-term intents. Thus, strategic purpose offers the framework within which businesses would function, choose a planned course, and make an effort to attain their objectives. The idea of strategic aim suggests that managers should extend a corporation and establish lofty objectives.
The organization's vision relates to the wide range of long-term goals that the organization wishes to pursue. Futurism's broad, comprehensive, and involved nature is seen in it. It is the overall perception that the public has of an organization. It serves as a mental representation of the future state and represents the goals, dreams, and aspirations that the company has for the future. Therefore, realizing the business's vision over the long term may be challenging, but it gives the organization a path to follow and the motivation to strive toward it. The strategic goal of a corporation is often expressed in the vision in the mission statement. The strategic goal of Weyerhaeuser, for instance, is to be "the best forest products company in the world," as stated in the firm's mission statement. Being "the most successful consumer packaged goods company in the world" is Philips Morris' strategic goal. Both businesses have developed ambitious plans that may be intended to strain their respective organizations.
The ambitions expressed in a strategic intent statement should align with an organization's vision. In actuality, a company's vision is what it ultimately aspires to be. Major corporate objectives and a firm's vision statement are official statements of what the company hopes to achieve. For instance, according to TISCO's vision, Tata Steel enters the new utopian era with the confidence that it will be a pleasant, knowledge-based, and learning company. By pleasing their clients with their service and offerings, they will become the supplier of choice. They want to serve the community and the country while becoming the most cost-effective steel factory within the next 10 years. [10].

CONCLUSION

The corporate mission statement receives guidance from the vision and key objectives definition, which also directs the creation of strategy. Therefore, a vision articulates the desirable position that a company would want to achieve in the far future. A well-crafted vision has two parts: a basic idea and an imagined future. The core philosophy refers to an organization's ability to persist amid changes in environment, such as those brought on by technology, competition, or managerial trends. The coding philosophy is determined by the underlying beliefs and goals. A 30-year bold aim and a realistic account of what it would be like to attain the objective are also included in the imagined future.

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The Importance of Clear Vision and Mission Statement for Organizational Success

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***ABSTRACT:** A company with a clear vision is more likely to have a shared identity and feeling of purpose; it also gives employees the drive to be innovative, competitive, and distinctive; it makes sense in the marketplace because it is practical; and it encourages risk-taking, experimentation, and long-term thinking. A company's purpose plays a crucial role in determining the organization's strategy. It is a dramatic representation of the company's aspirations for the future and a declaration of its desire to flourish. Regardless of the company's present situation, it is a vivid sketch of the company's ideal future and a realization of its ambition. The vision statement becomes more readable and understandable when the mission statement is included.*

***KEYWORDS:** Business, Future Identity, Mission Statement, Organization, Risk Taking*

INTRODUCTION

According to Fred David, a mission statement reveals an organization's long-term vision for what it wants to become and the people it wants to serve. It outlines the goals, target market, goods or services, markets, business philosophy, and fundamental technologies of a corporation. These elements of a mission statement work together to answer a crucial question about an organization: "What business are we in? This question may be answered in a way that simplifies the process of developing, implementing, and evaluating strategies. The organization as a whole has to be made aware of the mission statements. Top management must also exhibit their significance by setting an example by "living" them. Employee engagement and loyalty to the company may increase with a clear understanding of the mission statement. Missions are hard to modify once they are formed because they become integral parts of business culture. For instance, despite numerous attempts to alter its mission, IBM still encourages its sales function to strive for "quota" by the end of the year rather than attempting to offer customers "solutions" or encourage non-mainframe sales. This is due to a critical element established by the company's founder, Thomas Watson.

The company's overall goal and shared purpose are represented by the mission. The whole business must be able to attend. Everyone should be able to find purpose, direction, and commitment. A mission articulates the company's overall direction. Former IBM Chairman Thomas Watson Jr. made the observation that an organization's underlying philosophies, operational principles, and time preference are significantly more important to its comparative success than its technical or financial resources, organizational structure, innovation, or time preference. It also indicates the company's basic values and beliefs. All levels of the company may easily grasp and follow a good mission statement. They are demanding, they are repeatedly repeated, and they inspire workers' devotion and zeal. For instance, the objective of each firm inside the US General Electric Company is "to be number one or two in the world or sell it, close it, or fix it." Such a sentence is memorable and easily comprehended. A company's mission is defined as basically being the only purpose of its type purpose that sets a company apart from other businesses of its kind and determines the scope of the activities of the company in terms of the product and the market.

The company's mission is a broad-based yet enduring declaration of its goals. It embodies the primary product or service areas and fundamental consumer desires that the company will make an effort to satisfy. It also symbolizes the business philosophy of strategists, indicating the image the company attempts to portray, thoroughly considers the firm's self-concept [1].

Core Values

The organization's core values are the widely held beliefs, ingrained attitudes, and presumptions that

guide how work is done there. They undoubtedly represent the organizations and its members' longer-lasting preference for a behavior style in both their commercial operations and their relationships with business partners. In addition to outlining the firm's expectations and desired human behavior, core values are taken from the purpose statements of the organization and aid in setting it apart from competitors.

The observable patterns of conduct that point to the intended core values of the company are clearly depicted in good core value declarations. For instance, a company may have customer responsiveness as one of its fundamental values, but if this value is not properly implemented via clear behavioral standards, various employees may interpret it differently. As a result, corporations try to transform their abstract core principles into behavioral standards, such as "welcoming every customer when he/she arrives or exits the organization." These guiding principles and the corresponding rules of conduct reflect the culture of the company. A goal is a component of a basic plan and is defined as an interim result that must be achieved by a certain date. Thus, a strategy may have several objectives. Targets are often used to express specific objectives.

Goals are important short-term milestones or a point of reference that companies must attain to achieve their longer-term goals. Goals should be measurable, quantitative, demanding, realistic, consistent, and prioritized. Goals should be set at the corporate, divisional, and functional levels in large businesses. Goals should be stated in terms of managerial successes as well as marketing, finance, production, and R&D. For each purpose set out in an organization, a set of objectives is required. While objectives are crucial for the design of strategy, goals are particularly critical for strategy. Goals serve as the foundation for allocating resources [2], [3].

Goals are symbols of key milestones that an organization hopes to reach in the future. Additionally, they predict the future condition of the current attempt. Despite the possibility of qualitative goals, objectives often include more quantitative specifications. A prospective set of objectives should always exist for an organization. It must choose one of these objectives. The decision has to be further explained and presented in terms of practical goals. For an organization to fulfill its mission and vision, its purpose must be transformed into both long-term objectives and short-term ambitions.

The foundation for an organization's functioning is facilitated by its objectives. Glueck notes that goals help to contextualize the organization in its setting. Many organizations must defend their existence and justify themselves in the eyes of the public, the general public, and the government. They also provide an invitation to work for the organization to those who accept the goals by outlining them. The business is therefore defined by its goals. They include long-term corporate objectives, more detailed departmental objectives, and even particular duties assigned. Therefore, goals may be long- or short-term and might relate to a broad or specific area of a business.

The aims that an organization seeks to achieve via its ongoing operations and existence are known as its objectives.

The businesses set a variety of goals. Even the most straightforward organizations have several goals. The pursuit of goals is given a temporal weighting by strategists. Some of the goals are implemented in the near term, such as productivity and employee happiness, while others are implemented in the medium term, such as flexibility or asset control. Over time, others are followed. Long-term goals for the organizations would include maintaining a profit, giving back to society, and practicing good corporate responsibility. Since there are many short-term goals, the strategists should establish priority for each one. Some goals may be given a greater priority than others. Given the limited resources and time, setting priorities is essential. [4], [5].

Each aim may be measured and explained in a variety of ways. Some goals may be evaluated based on efficiency, while others can be evaluated based on effectiveness criteria. Operative goals are those that the company pursues and are identified by examining how leaders allocate resources. Formal goals are outcomes that businesses pursue on formal occasions, including when making public remarks to broad audiences. Some objectives may not be possible to achieve. The maximizing of outcomes is hampered by limitations. A strategy is a tool toward a goal. Both excessively high and minimally low goals are demotivating. The goals must to both hard and practical. In a market that is in decline, setting high sales goals does not produce success. On the other side, a modest sales objective during a boom is simple to reach, which results in a subpar performance.

DISCUSSION

Later to the concept of strategic intent, Hamel and Prahalad annexed the concepts of 'stretch' 'leverage',

and strategic fit. Stretch is a mismatch between resources and aspirations. Leverage means concentration, accumulating, complementing, conserving, and recovering resources in a way that a merged resource base can be stretched to meet the aspirations that an organization dares [6]. 'Fit' is the antithesis of stretch,' so to speak. Strategic fit refers to the firm's standing as a result of aligning organizational resources to the environment. Due to the stronger competitive position brought about by overall reduced costs as well as the effective transfer of key competencies, technology, and managerial know-how across organizations, strategic fit often happens in connected, diverse businesses. Functional domains including market-related fit, operational fit, management fit, and financial fit are examples of where strategic fit may emerge.

When competing firms strive to reach the same customers via comparable distribution methods or are advertised and promoted in comparable ways, this is known as a market-related fit. Additionally, selling, marketing, advertising, and product positioning/differentiation abilities may be transferable across firms. Successful examples include Canon's logical expansion into copying and image equipment from its key position in cameras and photographic equipment. Honda expanded their market share beyond motorcycles to include other motorized vehicles like lawnmowers.

When there is the opportunity for cost sharing or talent transfer in procurement, R&D, manufacturing, assembly, and/or administration, operating fit is realized. When distinct business divisions have similar commercial, administrative, or operational issues, there is a management fit. Due to varying business cultures, this kind of benefit is exceedingly challenging to get. The financial strategic fit is the only one that has a high likelihood of success. The odds of the operational strategic fit being successful are lower, with marketing having a larger chance of success than manufacturing, which in turn has a higher chance of success than R&D.

Though the strategic aim of the company is acknowledged to be a rather long-term notion, it needs to be updated with changes to the business environment, broader corporate strategy, or even ownership or leadership. For instance, a company that has historically operated in only one industry can expand into many industries and discover that its business environment has suddenly become more diverse and complex. The company must reevaluate and reframe its strategic goal in such circumstances. It's important to be aware of the risks associated with periodically changing the firm's strategic goal. People could not be fully committed to fluctuating intentions that don't appear to have long-term goals. [7], [8].

The strategic intent of an organization is determined by the regular interaction of various forces, including the evaluation of strategic alternatives the organization has undertaken, the interests of various stakeholders connected with the organization, the industry context in which the firm operates, its leadership, its track record, and culture, and the state of the future as perceived by the organization's authoritative temporary alliance. The main element that significantly influences an organization's strategic aim is how it envisions itself in the future as its company symbolizes. Important examples of business scope definitions are FMCG corporations, marketing firms, integrated energy firms, and logistics firms. The company begins by asking itself questions. 'In What Business' and 'For What Should We Be Known?'

Particularly on the company's strategic aim, many stakeholders may have divergent viewpoints. The company's owners, seasoned management, customers, workers, suppliers, technology partners, the government, and society at large are all considered authoritative stakeholders. These stakeholders' beliefs, interests, and expectations of the company also differ noticeably from one another. Different stakeholders have different levels of influence over the organization and different motivations for using that influence to define the organization's goals and tactics. The shareholders, who are the true owners of the business, are the most influential of these stakeholders. As a result, the organization makes a point of describing how it will advance the interests of various stakeholders.

The idea of strategic purpose has certain restrictions of its own. Instead of being a static idea, strategic aim is dynamic. When businesses closely follow their strategic purpose, it's possible that they won't make long-term adjustments to reflect changes in the business environment, corporate strategy, or leadership. According to Dorothy Leonard-Burton, the pursuit of a company's strategic goal may lead to internal rigidities that make them unable to see opportunities or dangers in the marketplace. In order to succeed in this, businesses must utilize strategic purpose as a roadmap for the future rather than as a goal in and of itself.

The strategy diamond is a method for expressing the strategic purpose in terms of objectives and actions in a way that is focused on results. The company has to

reassess and re-evaluate its strategic objective as they complete the strategy diamond's pieces or as they become superfluous or irrelevant due to changes in the business environment. Once a company's strategic objective has been established, it is crucial that the strategy be effectively conveyed to all relevant parties. The design of strategy in the shape of a strategy diamond is mentioned by Hambrick and Fredrickson in a clear and unique manner. The strategy diamond is shown in Figure.

What kind of enterprises will the company be engaged in, according to the arenas? The answer to the question "what business are we in?" is specifying the venues. Responses to this query are often broad and nonspecific, such as "national leader in financial services." Given that the company is likely to focus on domains comparable to "specialized personal banking and consumer finance," it is important to be as specific as possible when identifying arenas with regard to the goods, market groups, geographic locations, and care technologies.[9]. Differentiators describe the specific sources of the firm's competitive advantage. They talk on how the company will entice and keep its clients, which will make it successful in the market. These differentiators are the result of unique choices managers made to differentiate and add value to their product/service information offerings. For instance, the State Bank of India uses its extensive branch network, which includes several overseas and approximately 7,000 domestic locations, to serve the requirements of its clients all over the globe. On the other hand, financial institutions like Citibank use communications and information technology to provide their clients services "round the clock," giving rise to the notion that "the Citi never sleeps."

When discussing differentiators, two considerations must be made. Differentiators are the result of managers' conscious decisions about the available goods, services, and information. They don't simply happen. For businesses to create and maintain difference, it is not that easy. The expected value was not produced by the imitable sources of differentiation. For instance, despite the fact that Apple pioneered the Graphic User Interface for personal computer, Microsoft was the one to maximize its benefits by expanding their operating system to Windows. It is more crucial that the distinction provide value for the client than just having a differentiator. For instance, as the market transitioned toward quartz timepieces, Indian watch maker HMT continued to concentrate on mechanical watches in the name of inexpensive pricing. The value of HMT to customers was limited as a result of the industry maturing gradually to provide quartz watches at the same cheap costs HMT was selling its mechanical watches at.[10].

CONCLUSION

Vehicles describe how the company reaches the goals it has set for itself via its differentiators and venues. The methods the company will use to accomplish its goals are expressly and clearly mentioned in the documents. How the company develops a certain product or market, whether internally, via joint ventures, or through acquisitions, if the goal is to become more competent in that area. For instance, Indian pharmaceutical companies have decided to focus on fundamental molecular research in order to compete in branded pharmaceutical goods rather than generic drugs because product patent regimes have replaced process patents. Dr. Reddy's Labs has expressly started research projects aiming at novel medication development, its clinical trials, and eventual commercialization. The company has purposefully chosen to focus on certain therapeutic areas.

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The Significance of Staging in Implementing a Firm's Strategy

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ABSTRACT: *Arenas differentiators and vehicles expressly refer to the strategy of the company in their descriptions: staging is the timing and particular sequence of the company's primary actions as they relate to the pursuit of its goals. It is crucial to express the relative significance of each step while carrying out a plan that calls for many different activities. Due to resource limitations or other factors, it is not always feasible to provide every one of the company's strategic initiatives with the same level of concentration and stress. Before opening other shops that sold gifts, jewelry, watches, books, movies, computers, clothing, and groceries, the promoters made a conscious decision to focus on aggressive advertising and promotion expenditures. It was clear the specific sequence of strategic moves: Foumart built a brand image and subsequently consumer loyalty before expanding its operations and its logistics.*

KEYWORDS: *Advertising, Brand Image, Customer Loyalty, Logistics, Multiple Actions.*

INTRODUCTION

The specific business model of the company how the business aims to generate revenues and profits is presented and explained using economic reasoning. Differentiators make it evident how the company differs from those of its rivals, while economic logic shows how the company will benefit from these differentiators. For instance, The Times of India uses borrowed funds on its large, nationwide circulation base to charge a premium to its advertisers, while The Economic Times, another publication from the same group, makes use of its premium business clientele to invite targeted advertisements for addressing the various readership segments. Indian FMCG companies like Hindustan Lever Limited and Proctor & Gamble use their strong marketing capabilities and extensive distribution networks to sell large quantities of their goods to various market groups. The foundation of the business model for the company is the efforts made to lower marginal costs by making the most of scale and scope economies.

Therefore, arenas explicitly state the industry the company wishes to operate in; differentiators describe how the company will seek and maintain a competitive advantage over its rivals; vehicles describe the precise means of achieving these ends; staging specifies the pace and specific order of the various actions; and economic logic expresses the company's business model, which includes its various sources of revenue generation and profit. This definition, which covers practically all aspects of a firm's strategy, discusses every component of a firm's strategy, including its design. Along with the firm's formal declaration of intent, which includes its vision, purpose, and fundamental values, the strategy diamond declaration, which takes the form of venues, vehicles, differentiators, staging, and economic logic, aids the business in planning its route for achieving the goal. [1].

Strategic Dissonance

The basis of industry competition, the firms' distinctive competencies, the company's official corporate strategy- its intent and strategy statement, the company's strategic actions, and the company's internal selection environment for new strategies including resource allocation policies and organizational culture could diverge at various times for an organization operating in highly dynamic environments. These conditions are described by Burgelman and Groove as strategic dissonance. The Indian pharmaceutical business, for instance, exhibits the traits of the impending shift in the patent system from product patents to process patents. Because of the process patent regulation, businesses were forced to develop specialized skills in process chemistry and reverse engineering of goods whose patents had expired on the global market. Companies must build new competencies, such as fundamental research and an integrated process of new medication development, as the nation gets ready for product patents. Businesses must spend heavily on developing these capabilities

given the length of time it takes for a molecule to go from discovery to approval and commercialization and the enormous sums of money required for new molecule research [2]. These situations are referred to as strategy-altering moments because they show changes in the business environment, alter the foundation of rivalry between enterprises, and define differently how business is conducted in an industry. A company's strategic goal must be carefully aligned with the precise strategic activities that it's middle and lower management perform at such times. Without such a contract, the company's management may go on operating in the same manner despite a conscious change in the company's strategic objective.

Several companies have begun fundamental research on several compounds as the Indian pharmaceutical sector transitions through this crucial inflection point. It is crucial to alter the mindset of research scientists who, in the past, have given special focus to making advances in the efficiency of the manufacturing process via an in-depth understanding of process chemistry to implement this transition. To effectively manage the transition from the production of generic pharmaceuticals to the marketing of branded formulations, recently established skills and abilities are required. Research, production, and marketing must work closely together throughout the invention of a novel medicine, various phases of clinical trials, and the approval procedure needed for branded versions. Dr. Reddy's Labs has consciously recognized the need for this shift in mindset and capabilities and has begun a system-based reorientation process. The personnel are motivated by this orientation to keep their management and technical abilities current and to appreciate their full value. recognizing the need for cross-functional cooperation and promoting a culture of information sharing rather than knowledge hoarding [3], [4].

In order to cope with strategic dissonance, companies are often prepared to define their identities differently when establishing and openly stating their strategic objective. When defining the organizational strategic goal differently, the significance of visionary leadership and senior management's view into the future is clearly evident. In order to maintain its competitive edge, the company must not only redefine its strategic purpose at these times but also align its unique internal capabilities and strategic activities with the industrial environment.

The company must clearly state its future vision in order for strategic management to be effective in achieving the desired outcome. The company's perspective regarding its future condition is reflected in its strategic aim. This strategic aim often includes long-term goals that force businesses to seek out new methods to succeed. Therefore, strategic purpose refers to a persuasive statement about the direction a business is headed that expresses its long-term goals in a way that is both clear and concise. A feeling of direction, a sense of discovery, and a sense of destiny may all be provided by the strategic purpose.

The hierarchy of strategic intent, which includes the purpose, core values, goals, objectives, and strategy, illustrates the different links between long-term and short-term intents. Hamel and Prahalad later added the ideas of "stretch," "leverage," and "strategic fit" to the notion of strategic aim. Stretch occurs when resources and goals are out of alignment. For a combined resource base to be extended to satisfy the ambitions that an organization is willing to have, resources must be concentrated, accumulated, complemented, conserved, and recovered. 'Fit' is the antithesis of stretch,' so to speak. Strategic fit refers to the firm's standing as a result of aligning organizational resources to the environment. Due to the stronger competitive position brought about by overall reduced costs as well as the effective transfer of key competencies, technology, and managerial know-how across organizations, strategic fit often happens in connected, diverse businesses. Functional domains including market-related fit, operational fit, management fit, and financial fit are examples of functional areas where strategic fit may occur. [5].

When competing firms strive to reach the same customers via comparable distribution methods or are advertised and promoted in comparable ways, this is known as a market-related fit. Additionally, selling, marketing, advertising, and product positioning/differentiation abilities may be transferable across firms. Successful examples include Canon's logical expansion into copying and image equipment from its key position in cameras and photographic equipment. Honda expanded their market share beyond motorcycles to include other motorized vehicles like lawnmowers. The financial strategic fit is the only one that has a high likelihood of success. Though the strategic aim of the company is acknowledged to be a rather long-term notion, it needs to be updated with changes to the business environment, broader corporate strategy, or even ownership or leadership. The idea of strategic purpose has certain restrictions of its own. Once a company's strategic objective has been established, the strategy must be effectively conveyed to all relevant parties.

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Arenas, differentiators, vehicles, staging, economic logic, and strategic dissonance make up the strategy diamond.

Strategic Intent: This strategic intent expresses the company's vision for growth and paints a vivid image of the future that it hopes to achieve. The broad category of long-term goals that a company wants to pursue is known as its vision. The mission statement outlines the long-term goals that drive businesses to find new methods to succeed. A company goes through several phases of planning competence and maturity as it grows and matures. Four stages have been identified by McKinsey as the growth of a firm's planning maturity:

- **a.** Basic Financial Planning
- **b.** Forecast based Planning
- **c.** Externally oriented Planning
- **d.** Strategic Management

To begin with, a company plans its resources, budgets, and accounting in order to meet its annual goals. It often has a brief duration and is based on little research. As a result, businesses understand that short-term planning has to be supported by longer-term planning that spans three to five years. In order to do this, more market data must be gathered, and trend extrapolation methods must be used. The senior management enters the planning process, introducing a component of strategic planning, still at the operational level, whenever the firm's operating environment becomes more complicated or expansive. In order to design strategies that are more responsive to shifting environmental dynamics and maintain competitive advantage, external environmental analysis is done. [6], [7].

Strategic management is the last stage of maturity as it is described by McKinsey. The idea of strategic management and the associated idea of strategic planning are covered in depth in this subject. Strategic management, invented by General Electric, combines the ideas of strategic thinking and strategic planning. The following are some typical definitions of strategic management: "Strategic management is about the direction of organizations, usually commercial corporations. It covers those topics that senior management finds most important, as well as anybody looking for organizational success and failure factors. Strategic management is a process that deals with the entrepreneurial activities of the organization, with organizational renewal and development, and more specifically, with creating and implementing the strategy that will direct the company's operations.

To best use resources in relation to goals, strategic management requires analyzing the internal and external surroundings of businesses. Throughout the whole course, a detailed discussion of the strategic management process and its many elements will be covered. The strategic management framework, which was derived from Wheelen and Hunger, is provided below. Management is an iterative process where formulation informs implementation and vice versa. An key component of strategic management is the use of feedback loops for experiences, events, and collective knowledge.

Benefits of strategic management include:

- **a.** It provides a focused approach to implementing the organization's strategic vision and mission.
- **b.** It improves the understanding and tracking of a dynamically changing environment.
- **c.** Provides a clarity to all levels of the organization on 'what, where and how' of an organization's long-term sustainability.

Provides avenues of course correction in implementing the firm's strategy

In the parts that follow, we'll see how a continuous process of strategic planning, execution, and assessment contributes to a company's long-term survival and sustainable success. While short-term performance may be controlled, relatively few businesses are able to sustain their position as market leaders over decades [8]. All aspects of strategic management and planning should take risk appetite into account. Risk is the likelihood that a plan will succeed or fail, and it grows as resources and implementation time rise. Though they may seem highly appealing, many initiatives, such as forging forward with new goods or markets or buying another business, are often not well received by management and stakeholders because of the higher risk involved. Therefore, it is important to keep in mind the stakeholder expectations throughout the process as well as the management's attitude toward risk.

Strategic management includes strategic planning, as we have seen above. It involves developing a strategic plan that analyzes possibilities and challenges, builds on the company's advantages, and addresses its shortcomings. The work of establishing a company's goal, vision, and objectives as well as creating its strategy, commonly referred to as the strategic plan, is included in strategic planning. To define the

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company's strategy, relevant data is reviewed and assessed as part of the strategic planning process. Details of executing, evaluating, and strategic control are likewise defined and recorded by the strategic plan. For the organization, every strategic planning process has to answer the following questions:

1. Where is the organization going?
2. How is it getting there?
3. What is the plan of action?
4. How does it know that it is on track according to plan?

Planning is fundamentally done to ensure that an organization reaches its stated goals and objectives within the allotted period. According to the rational planning model, businesses that consistently do environmental scanning and prepare for changes outperform those that don't. This is because environmental uncertainty increases. The evidence for this idea comes from empirical study.

DISCUSSION

The following stages may be used to describe the strategic planning process in general:

1. Define the Organization's Mission and set its Goals: An organization's mission is its core purpose. It establishes the organization's aim, and objectives and turn this goal into a detailed list of things known as goals. The competitive advantage, values, and common purpose of a firm may all be outlined in the mission statement. It is a claim that sets a company apart from competitors in the same sector. The most important phase in the strategic planning process is defining organizational goals since it identifies the desired state. Objectives are similar to clearly defined outcomes and timetables for achieving those results, which are the focus of the strategic planning process. They could be measured in terms of revenue and profitability or terms of contributions to the community, society, or market share, among other metrics.

2. Environmental Analysis: The internal and exterior environments are included in environmental analysis. A list of potential influences on the organization, as well as potential opportunities and dangers, may be found by scanning the firm's external environment. The outside world is mostly out of our control. Analyzing the organization's internal resources, strengths, and weaknesses may result in a competitive advantage for the business. This is what internal environment analysis entails.

3. Making Projections: Strategic planning includes forecasting, which is crucial. Simple forecasting theories begin by projecting data points into the future. The assumptions used while predicting the future are crucial, just as with any forecasting technique. Extrapolation, expert brainstorming and opinion, statistical modeling, impact analysis, and other techniques are some of the forecasting approaches. The current corporate world is rife with unpredictability, complexity, and regular black swan occurrences that may destroy all forecasting models. In these circumstances, scenario planning is a widely used method of predicting. This develops a potential goal state for the company [9].

4. Identify more Tactics: Strategic management is a kind of art. There isn't a single tactic that can be used in all situations and conditions. The strategies that fit their corporate environment and goals should be sought after by strategists. Just as there may be more than one way to go there, there are several strategic options available. Making strategic decisions also refers to the process of choosing and identifying strategies. Competitive or cooperative options are the two main categories of strategic possibilities. Establishing a long-lasting competitive edge for an organization over rivals is the goal of competitive strategies. The most well-known instances of this categorization are those based on Porter's competitive tactics. Other options may include acquisitions and mergers, etc. Cooperative strategies, as their name implies, collaborate with one or more businesses to achieve a competitive edge for long-term expansion. Collusion and forming alliances are two common cooperative tactics.

5. Assess and Choose a Strategy: Each potential course of action must be evaluated against a set of criteria. It is possible to choose to use

one or more options. This is referred to as a strategic option. However, it's crucial to have all of the options in the strategic plan. This could be helpful in reviews and later occurring circumstances involving course adjustments. Since every company, every setting, and every purpose are completely different, there is no set guideline for how to evaluate a strategy. However, a normal strategy review process includes looking at the benefits and drawbacks of each choice, as well as whether or not each can achieve the stated goals and what resources are needed for each. In this activity, scenario analysis is also helpful. The clearest option for the optimal plan is one that best matches the stated goals, requires the fewest resources, and has the fewest drawbacks.

6. Implementation, Evaluation, and Control: A strategic plan for a company is more than just a list of what and where it should be located. It explains "how" the business will get there as well. For a strategy to be put into action, it must filter down to the tactical and operational levels. Even the best-laid plans may fall flat if they are not properly implemented, assessed, and regularly monitored.

Some of these steps are discussed in the subsequent sections

Environmental analysis, a crucial first step in strategic planning, involves assessing a company's strengths, weaknesses, opportunities, and dangers concerning the environment it works in from both an internal and external perspective. The latter two were tied to external analysis whereas the first two were related to internal analysis. Additional factors for environmental analysis might include firm values, society, and the legal and political environment, among other things. The rising significance of the environment to strategy is the fundamental change in strategy approach from a few decades ago. [10].

CONCLUSION

The inclusion of uncertainty in the process of strategic planning is another significant distinction in the approach to strategy. A strategic plan incorporates methods of scenario building to cope with uncertainty and maintain the plan relevant in a larger range of situations, in contrast to the definite input-output of, for instance, an operational plan. A forecasting approach called scenario building involves creating several scenarios with a variety of potential outcomes, assessing the likelihood that they will occur, and determining the ramifications of doing so. A scenario, said simply, is a depiction of a future state in terms of difficulties, problems, and variables. The use of scenario analysis in conjunction with other forecasting approaches is possible. For instance, utilizing categories like best-case scenario, worst-case scenario, and most-likely scenario, trends may be extrapolated. Depending on the complexity of the strategy and the business of the company, there are numerous theories for scenario development, including chaos theory, intuitive logic, complexity theory, etc.

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The Importance of Controlled Scenario Building for Firm and Industry Strategy

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ABSTRACT: ***Scenario planning is a vital tool for organizations and sectors to develop effective strategies in a turbulent and shifting environment. It requires the creation of hypothetical but plausible futures to assess the likely consequences of various trends, events, and uncertainties in the business environment. However, not all scenario-building exercises are created equal. In this article, it is argued that organizations and sectors may benefit particularly from the controlled scenario development technique, which calls for a scientific and meticulous process for developing scenarios based on certain objectives and assumptions. This approach enables the identification of significant uncertainties and risks, offers a more nuanced understanding of the potential effects of many factors on the business environment, and equips companies to develop more powerful strategies that are better suited to the particular issues they are dealing with. The article draws on the corpus of knowledge on scenario development to provide organizations and industries with practical guidance on how to set up a controlled scenario-creation process. The report also highlights the value of scenario building as a vital tool for industries and enterprises to manage a business environment that is getting more complex and unpredictable.***

KEYWORDS: Business Model, Business Strategy, Business Environment, Regulated Scenario, Management Policy

INTRODUCTION

The strategic plan is produced through the strategic planning process and includes not just the company's overall strategic direction but also a plan for putting that goal into action. In actuality, strategy is really simple, in the words of Jack Welch. You choose a broad course of action and execute it aggressively. There are many methods for planning the execution of a strategy. programs and projects that some businesses have spun out to put important strategy components into practice. Others use organizational structure, company operational strategies, and corporate policies to drive strategy. Utilizing tools like strategy maps and balance scorecards, performance-oriented businesses oversee and track the strategic execution of their plans. Measurement, assessment, and control are crucial components of the strategy-planning process because they provide feedback loops to different phases of the strategic management framework, allowing them to adjust and update the pertinent elements. The Responsive Evaluation method developed by Robert Stake is one of several strategies available to assess the success of strategic initiatives. In an organic technique known as a responsive assessment, there is no pre-established template or design. In reality, the design comes about via interaction with different stakeholders and the incorporation of additional inputs like context, backdrop, stakeholder interface points, etc.

Important Elements of Strategic Planning Success

Strategic planning, as its name suggests, is a component of strategic management and as such requires senior management support. It demands that everyone in the firm be aware of what it is and how it should be carried out. Although it is a process-driven activity, strategic planning also calls for a certain amount of intuition and discretion. The formal and data-driven components of this need to be balanced properly. As we've previously said, every company has a unique strategy, therefore it should take into account the traits of the business as well as its culture, beliefs, and resources. While initiatives and programs that are spun out from strategic plans are medium- and short-term in nature, they are long-term in character. All organizational systems and procedures must be in line with the long-term, medium-term, and short-term. For instance, if a company's performance evaluation system is only focused on achieving short-term objectives, it will encourage managers to put short-term business interests ahead of long-term ones. [1], [2].

Plans must be maintained straightforward, jargon-free, executable, and quantifiable. Excessive planning, analysis, and strategy will only make it more likely that the workers won't comprehend the plan or will

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find it too challenging to carry out. In both cases, the exercise in strategic planning is reduced to merely intellectual and documentary endeavors. The practice of strategic management is ingrained in organizational culture. All levels of personnel, from the top down through all systems and procedures to the operational level, must model this. Having stated that a strategic plan should not be employed as an operational document.

The definition of strategy is "a pattern of purposes and policies defining the company and its business." For a small corporation with little to no operational complexity, strategic management and planning may be a straightforward procedure. The strategic management and planning process is also extremely complicated and time-consuming for major firms with multi-country operations or highly technologically sophisticated activities. Even if many of these businesses use outside consultants to draft their strategic plans, this still represents an outside-in perspective on the company. Companies with strong internal or external participation in the strategic planning process will have a more successful strategic plan. We go through a few methods of strategic management and planning.

Harvard Business School created the Harvard Policy Model as early as the 1920s. The goal of this model is to provide the greatest possible match between the company and its surroundings. As we have already seen, the term "environment" refers to both the internal strengths, limitations, culture, and value systems of the company as well as the external possibilities, dangers, and social and political backdrop. The approach tries to identify the optimum course of action for the two given the organizational setting. This strategy makes considerable use of frameworks like SWOT. The Harvard model offers a solid framework for creating strategies, but it does not provide a process for doing so. It works well for strategic planning at the level of an SBU, or strategic business unit.

Strategic planning system breaks-down the strategic management and planning process into three cycles

1. Strategic issue identification
2. Strategy development
3. Strategy implementation

It uses a decentralized approach to include many organizational levels and functions in the formulation, execution, and management of important strategic choices. Although this method of strategic management succeeds in directing the organization's components toward the strategy, its effectiveness rests on how thoroughly and tightly the process is controlled. This is also a drawback since too much definition and control obscures the bigger picture and makes it difficult for lower-level personnel to understand and adhere to. Meeting stakeholder expectations is one of every company's main goals, hence stakeholder management is a crucial component of strategic management. Customers, workers, owners, suppliers, lenders, regulators, etc. are typical stakeholders for every firm. According to Freeman, a strategy is only successful if it satisfies the demands of the stakeholders, hence strategy should be seen as a way to address their needs. This strategy involves formulating the company's purpose, goals, and strategies in terms of its stakeholders. Therefore, this approach to strategic planning puts stakeholders at the heart of strategy development and is in line with the main goal of any firm. [3].

The absence of criteria to choose competing stakeholders' priorities or demands and how to address conflicting stakeholder interests is this approach's drawback. The techniques for strategic planning listed above cover the direction and policy, but do not address how the strategy is developed. The techniques that follow deal with this feature. A firm is a portfolio of business units, according to the portfolio model. The growth-share matrix, sometimes known as the BCG matrix, was one of the first and most well-known portfolio models created by Bruce Henderson, creator of the Boston Consulting Group, in the 1970s. As seen in the example below, the BCG matrix is simply a 2X2 matrix of a business unit displayed according to its competitive position and the attractiveness of the industry. The following categories apply to firms depending on where they fall in the matrix:

1. **Cash Cows:** High market share / low market growth. These businesses generate huge amounts of cash. Requiring low investments, the profits from these businesses can be invested in other parts of the organization.
2. **Dogs:** Low market share in a low growth market, these businesses generate little cash and also offer no hope of an increase in share
3. **Stars:** These are high-growth businesses with a high market share. Typically, these businesses also generate a huge amount of cash. To safeguard or increase market share these businesses required large investments.

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4. **Question Marks:** These businesses have the potential to become either stars or cash cows given large investments.

Normally, it's necessary to shoot dogs, milk cash cows, and raise stars. Questions on whether to invest in question marks are, well, questions. The BCG matrix seeks to increase market share to reduce manufacturing costs per unit and increase an organization's potential for profit. As a result, the matrix method offers a list of likely tactics to use in certain scenarios.

Core competence is another portfolio strategy

The Prahlad and Hamel method proposes tactics that construct portfolios around common operational or technical capabilities to strengthen a firm's core capability. The knowledge of which strategic aspects to include in the model and how to categorize organizations against numerous such factors is a drawback of the portfolio method. However, the portfolio theory has its staunch supporters since it offers a framework for assessing various firms and investment possibilities over a set of standard criteria, hence fostering strategic clarity. [4], [5].

DISCUSSION

"Setting oneself apart from the competition is the goal of strategy. Being distinct from others in what you do is more important than being excellent at it. Martin Porter This strategy was developed by Michael Porter in the 1980s and is based on his belief that businesses should be concerned with creating and maintaining competitive advantage via cost leadership, market concentration, or distinctiveness. The core tenet of this strategy is that by examining the factors that drive an industry, one can forecast the average level of profits throughout the sector as well as the likelihood that any given plan for a critical business unit would be successful. In terms of competitive advantage, if the factors influencing the industry are greater than those affecting the firm, the sector will create lower returns. Porter outlined two methods for doing a competitive analysis:

1. **Five Forces Analysis:** This method identifies five forces—bargaining power of consumers, supplier power, the threat of new competitors, the danger of substitutes, and industry rivalry—that influence an industry or firm. These factors have an impact on a company's capacity to increase product prices or decrease input costs, which has an impact on overall business profitability. To develop a sustained competitive advantage, enterprises should choose industries in which they have a favorable organizational structure.
2. **Generic Strategies:** In order to use resources efficiently and maintain a competitive edge, Porter advised a corporation to use one of the three generic strategies. The three tactics are cost leadership, differentiation, and market emphasis, as seen in the graph below. In industries like the public sector, where cooperation is preferred above competition and where it may not even exist, competitive advantage is only of limited utility. The competitive advantage method varies from the portfolio approach in that the former requires the business to choose one strategy after examining its position concerning the five factors or specific market sectors. The portfolio strategy, on the other hand, is primarily focused on growing core competencies or boosting market share. However, both of these methods go a step further in providing businesses with different strategy options.

As we saw above, there are many different ways of strategic planning, each having advantages and disadvantages. However, most of the methods mentioned above skip the crucial stage between analysis and strategy identification. This is the identification of the strategic concerns that the strategic plan will ultimately address. It may be seen as an extension of environmental analysis, whereby internal and external changes that may influence the organization's goals are noted and addressed for possible resolution or mitigation. In the periodic strategic review process that businesses undergo, strategic problem management is also highly helpful. [6], [7].

Many strategists have claimed that it is not very realistic to include strategic problem management in the yearly review. Given the frequent occurrence and seriousness of strategic challenges, deferring action until the review exercise—which may be annual or multiyear—makes the problem meaningless and exposes the organization to derailment. It suffices to state that managing strategic issues is a crucial element in the strategic planning process because it creates the link between situational analysis and strategy creation that is required. The process of strategic planning or plan review has to include a way to include the same. Additionally, a plan might be developed to handle

additional important strategic concerns outside of the usual review process.

Without taking innovation into consideration, strategy and strategy planning cannot be discussed in the current environment. The only way to thrive in this dynamic corporate climate is via ongoing innovation. Look at the Fortune0 list of the best US firms from the past and present. No other firm has been able to maintain its leadership throughout the years but Exxon Mobil. Another thing to keep in mind is that, although the 1980s list was dominated by industrial and energy companies, the list now is more focused on technology and retail. The license raj stalwarts in India, like DCM, Bhushan Steel, Parasrampuria, etc., are currently fighting for survival, while businesses like AB Birla, Kirloskar, Hero group, etc., which have been able to adapt and reinvent themselves to the changing times, are still going strong. Size and consistency of operations were formerly seen as the primary competitive advantages, while innovation was left to the smaller, more recent market participants. It is important to innovate and integrate innovation into strategic management. Numerous reputable companies have gone out of business due to a lack of innovation. Where are once-dominant companies like Kodak and Xerox today?

Investigate how a market leader, such as Kodak or Xerox, fell from grace to identify any flaws in the strategic management process. Planning is a methodical and structured process, while innovation is a creative activity, therefore they seem to be at odds with one another. So how are innovation and strategic management compatible? Let's think about what innovation and creativity mean. “The initial launch of a product or a technique is what is meant by innovation in its most basic meaning. On the other side, innovation happens when someone enhances or significantly contributes to an already existing product, method, or service. [8], [9]. Thus, creativity alone does not lead to innovation and it is an innovation that helps convert ideas into marketable, monetizable entities for organizations. In companies, innovation also follows a process and is not left to serendipity alone. Incorporation of the innovation process has to be done at multiple levels such as:

a. Structurally
b. Systems & Processes
c. Creating an innovative environment via organizational culture
d. Leadership and top management focus
e. Resource availability and provisioning

If you remember, these ideas are also crucial to strategic management. So long as the company's leadership is dedicated to innovation, including innovation in the strategic plan and other downstream procedures is not that different. To maintain the emphasis on innovation in strategy, several businesses hire innovation professionals as board members or strategic consultants. In the past, TCS has worked with renowned innovator Clayton M. Christensen as a board member rather than a strategic adviser.

So, to create a strategic framework for innovation as part of the strategic planning process, it was necessary to:

1. Making innovation a part of your plan
2. Creating management procedures that encourage innovation
3. Establishing auxiliary organizations like venture capital teams and groups for innovation.
4. Fostering a culture that values innovation
5. Making innovation a fundamental, decentralized notion that permeates all aspects of an organization's operational procedures.

To be a successful contributor to strategic management, this framework has to have both innovation management and performance assessment of innovation implemented in the appropriate pockets. The strategic plan is the product of the strategic planning process. Every organization and every strategic planning exercise produces a unique, highly detailed strategy that takes into account its environment. But generally speaking, the strategy consists of the following elements:

a. Executive summary
b. Statement of mission and objectives
c. Detailed Environmental analysis e.g. SWOT
d. Assumptions and guidelines
e. Reference and analysis of other past plans or complementary plans
f. Strategic issues identified
g. Plan Objectives
h. Targets, criteria, parameters for measurement
i. Gaps between as-is and to-be
j. Strategy alternatives for closing gap
k. Evaluation and selection of strategies
l. Spin-off initiatives and programs
m. Timelines and key milestones
n. Contingency plan

o. Plan review details

'Keeping it short and simple' is a universal mantra for all documentation generated. However, it needs to be kept in mind that the strategic plan here is a blueprint for the organization and hence needs to be comprehensive and with sufficient detail. It's a living document subject to configuration management and document release process. Creating a componentized plan helps in the distribution of only relevant parts on a need-to-know basis and also in updating it whenever required [10], [11].

CONCLUSION

The creation and execution of choices that affect an organization's long-term development and performance are referred to as strategic management. It is ingrained in how a company thinks, prepares, and behaves rather than being a one-time event. The creation, execution, and assessment & control of strategies are all included in the strategic management framework. Unstated but crucial in strategic management is a risk. At each level of the strategic management process, a critical assessment and activity management are required. The process of developing a strategy also involves strategic planning. This is a crucial component of strategic management because it has the power to direct an organization toward the accomplishment of its goals and objectives. Furthermore, the complexity and scale of an organization affect strategic planning differently. Simple strategic planning exercises are not necessary for small and medium-sized enterprises.

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An Overview of the Characteristics of the Environment

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***ABSTRACT:** To achieve the goals and objectives, the strategic planning process calls for fusing a future viewpoint with the existing environment. The purpose aims, and objectives form the basis of the process. It then carries on to a thorough examination of the external and internal environments, which results in the development of several business strategies. A strategy for the execution, assessment, and control of strategic management and planning is also included in a strategic plan. The final two methods provide a mechanism for identifying tactics in addition to analysis. Strategic analysis and strategy definition both lack the identification of strategic problems, which completes the gap. Innovation has taken on more significance in strategic management as a result of the heightened instability and unpredictability that firms now confront. Innovation-deficient businesses are doomed to fail in the long run. Together, strategic management and planning provide answers to the crucial "what, where, and how" concerns about the business's future expansion and sustainability.*

***KEYWORDS:** Business, Environment, Management, Policy, Political.*

INTRODUCTION

We covered environmental scanning in this unit, as well as the definitions and explanations of strategy formulation and execution, as well as the definitions of assessment and control. We also made a distinction between the commencement of a strategy and strategic decision-making. The notion of the environment, categorization of the environment, SWOT analysis, environmental sectors, scanning, and environmental evaluation will all be covered in this unit's discussion of environmental assessment. Literally, "environment" refers to the physical surrounds, outside factors, influences, or conditions under which something or someone lives. Any organization's environment may be defined as "the totality of all circumstances, occurrences, and influences that surround and have an impact on it." Understanding the environment is essential because it affects a business in so many different ways. By examining some of its properties, the notion of the environment may be comprehended.

The business environment demonstrates a variety of traits. Here, some of the crucial and evident traits are succinctly presented.

1. **The environment is complex:** The environment is made up of a variety of elements, occurrences, circumstances, and effects that come from various sources. All of them interact with one another to produce whole different sets of impacts, rather than existing in isolation. It is difficult to immediately understand the components of a particular setting. Overall, the environment is a complicated phenomenon that is somewhat simpler to understand in pieces but challenging to comprehend as a whole.

2. **Dynamic environment:** In nature, the environment is ever-changing. The environment is dynamic and constantly changing in terms of form and personality because of the many and diverse variables at play.

3. **The environment has many different aspects:** An environment's structure and personality rely on how the observer perceives it. A specific environmental alteration or new development may be seen differently by several viewers. This typically occurs when one corporation views the same development as an opportunity while another company sees it as a danger.

4**. The environment has a broad influence:** The environment has a broad impact on businesses. The environment in which a company operates has a significant impact on its growth and profitability. Any change in the environment has a variety of effects on the organization.

Since the environment is complex, dynamic, multi-faceted, and has a far-reaching impact, dividing it into external and internal components enables us to understand it better [1], [2].

External and Internal Environment

The variables outside the business that provide possibilities or hazards to the organization are all included in the external environment. The term "internal environment" refers to all internal elements

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that influence a company's strategic strengths or shortcomings. Therefore, in addition to the internal environment's strengths and weaknesses, the environment in which an organization operates may be defined in terms of the possibilities and dangers present there. The following are possible descriptions of the four environmental influences:

1. An opportunity is a favorable circumstance in the surroundings of the organization that allows it to solidify and improve its position. Growing demand for a business's goods or services is an example of an opportunity.
2. A danger is a bad situation in the organization's environment that puts the organization at risk or harms it. A powerful new rival entering the market who is anticipated to provide fierce competition to established businesses in an industry is an example of a threat.
3. An organization may leverage its innate capability for strength to acquire a strategic advantage. Superior research and development abilities that may be used to the creation of new products to provide the firm a competitive edge are an example of a strength.
4. A weakness is a built-in restriction or limitation that results in strategic disadvantages. Overdependence on one product line is an illustration of a vulnerability that might be harmful for a business during times of crisis.

For every organization to survive, expand, and be profitable, it is essential that it has a thorough awareness of both its internal and external environments, including its strengths and limitations. The SWOT analysis is a methodical way to comprehending the environment.

SWOT evaluation

The SWOT analysis method of strategic planning, which was developed at Stanford Research Institute in the 1960s, is highly well-liked and has numerous uses, including management. To better understand their internal and external contexts, organizations conduct a SWOT analysis. In order to understand their internal and external contexts, businesses do SWOT analyses. Strengths, Weaknesses, Opportunities, and Threats, or SWOT, analysis is often referred to as WOTS-UP or TOWS analysis. An effective strategic plan may be developed by matching the opportunities and dangers present in the environment with the strengths and weaknesses present inside an organization via such an analysis. Therefore, to accomplish predefined goals, a successful organizational strategy is one that maximizes chances by using strengths and neutralizes threats by reducing the impact of weaknesses.[3].

A simple application of the SWOT analysis technique involves these steps:

1. Setting the objectives of the organization or its unit;
2. Identifying its strengths, weaknesses, opportunities and threats;
3. Asking four questions:
   - **a.** How do we maximize our strengths?
   - **b.** How do we minimize our weaknesses?
   - **c.** How do we capitalize on the opportunities in our external environment?
   - **d.** How do we protect ourselves from threats in our external environment?
4. Recommending strategies that will optimize the answers from the four questions.

The four cells of a four-cell matrix used as a template for the SWOT analysis serve as a representation of the strengths, weaknesses, opportunities, and threats. A group of managers might do the analysis for creating the SWOT matrix at a workshop session. The brainstorming method might be used in the session to come up with suggestions for the SWOT aspects. The graphic below displays a typical SWOT analysis matrix for a fictitious firm.

SWOT analysis has several benefits, among the major being:

- **i.** Simple to use;
- **ii.** Flexible and can be adapted to varying situations;
- **iii.** Leads to clarification of issues;
- **iv.** Development of goal-oriented alternatives;
- **v.** Useful as a starting point for strategic analysis.
- **vi.** The following could be the pitfalls of using the SWOT analysis indiscriminately:
- **vii.** Simplicity of use may turn to be simplistic by trivializing the reality that may be more complex than represented in the SWOT matrices.
- **viii.** May result in just compiling lists rather than think about what is really important for achieving objectives.
- **ix.** Usually reflects an evaluator's position and viewpoint that can be misinterpreted to justify a previously decided course of action,

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rather than be used as a means to open new possibilities.

x. Chances exist where strengths may be confused with opportunities or weaknesses with threats.

xi. May encourage organizations to take a lazy course of action of looking for strengths that match opportunities rather than developing new strengths that could match the emerging opportunities. The process of strategy formulation starts with, and critically depends on the appraisal of the external and internal environment of an organization [4], [5].

GENERAL AND RELEVANT ENVIRONMENT

The elements that provide possibilities or hazards to a business make up the external environment. The term "external environment" is used to refer to a broad range of variables, including the global, national, and local economies; social changes; demographic factors; political systems; technology; business attitudes; energy sources; raw materials and other resources; and numerous other macro-level variables. Such a broader understanding of the environment may be referred to as the general environment. The general environment is an issue for all enterprises, in one form or another. However, the immediate issues of any business are only relevant to a small portion of the larger environment from a strategic perspective. The phrase "immediately relevant environment" or "relevant environment" might be used to describe this area of the environment. The graphic below shows how an organization's business environment is conceptualized.

Diagram displaying an organization's business environment. An organization may concentrate on the elements that are directly connected to its mission, purpose, goals, and strategies by consciously identifying the relevant environment. An organization considers those external factors that have a direct bearing on its strategic management process based on how it perceives the relevant environment. An organization may conduct a systematic evaluation of its relevant environment after identifying it and use the findings in strategic planning. It is possible to split the environment into many components or sectors in order to deal with its complexity. [6].

DISCUSSION

Classification Of Environmental Sectors

In order to organize many types of environmental information into sectors like clients, rivals, suppliers, technology, social, political, and economic situations, etc., Aguilar developed a classification system. According to Keegan, the sectors should be classified so that they are exhaustive, meaning that every piece of information should fit into one of them; they should also be mutually exclusive, meaning that every piece of information must fall under a specific category; and the classification should be practical and relevant to actual scanning techniques. The external/general environment may be broken down into a number of different areas. However, in a particular situation, certain areas need more focus than others.

An organization may better manage its complexity, understand the many environmental factors at play, and link environmental changes to its strategic management process by segmenting the overall environment into several sectors. Different writers have used different categorization bases, although the basis itself is not as crucial as the need that all relevant environmental elements be taken into account. An organization may divide its environment into segments that can be easily analyzed depending on a variety of factors, including the size of the organization, the level and scope of activities, the geographic distribution of markets, the nature of the product, the type of technology used, and managerial philosophy. The environment is divided into eight categories. The market, technical, supplier, economic, regulatory, political, sociocultural, and international sectors of the environment are those eight. We shall now explore each of these areas in turn. [7].

Market Environment

The elements relating to the groups and other organizations that compete with and have an influence on the marketplaces and businesses of an organization make up the market environment. Following are a few of the significant forces and variables influencing the market environment:

1. Factors relating to the customer or client, such as their requirements, preferences, perceptions, attitudes, values, negotiating position, purchasing patterns, and level of satisfaction.
2. Product-related variables including demand, image, features, usefulness, function, design, lifetime, pricing, marketing, distribution, differentiation,

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and the presence of alternatives to the product or service.

3. Marketing intermediate elements, such as customer service levels and quality, middlemen, supply chains, logistics, prices, and financial intermediaries.
4. Competitor-related aspects, including the various categories of rivals, the entrance and departure of significant rivals, the nature of rivalry, and the relative strategic positioning of significant rivals.

The sort of industrial structure has a big impact on the market environment. The concern for the market environment is lower under monopolies and oligopolies than it is in the face of pure competition. Public utilities like electricity boards and the majority of public sector businesses like gas and oil firms operated in a safe atmosphere in a regulated economy like India's. Here are a few instances that illustrate how the market environment influences businesses and how it is taken into account by them.

A. A dynamic market environment has been created as a result of expanding international commerce, significant infrastructure investment, rising levels of disposable income, and strong industrial and retail sectors. Customers and their requirements have become increasingly significant in many sectors' business strategies. Investments in retail networks, expanding possibilities for consumer contacts, enhancing customer service, customer-focused advertising, exhibiting a more noticeable presence, and enhancing the entire customer experience are further marketing-related activities.
B. There is a clear global trend toward an increasing demand for natural goods. Eco-friendly alternatives to synthetic items are seen as being preferable in the fields of agriculture, fashion, cosmetics, and healthcare.
C. Personal grooming is receiving more and more attention from people. One of the main causes of the rise in demand for cosmetics is the changing lifestyles, rising disposable incomes, accessibility of domestic and local brands, impact of satellite television, and improved awareness of international brands. Over the last several years, the personal care and cosmetics sector has seen rapid growth. A broader variety of products are now available to fashion-conscious men and women in urban and rural locations because to rising cosmetics demand and the opening of the market to international businesses.
D. Marketing strategies for organizations today place a larger emphasis on sales promotion, advertising, and market research, all of which had previously been less significant. In order to prevent annoyance for clients, distribution has been enhanced. Particularly for consumer durables, after-sales services have grown to play a substantial role in many businesses' marketing plans.
E. One of the most dynamic areas of the environment is the market environment. Coming to grips with the markets' dynamism and constant change is a formidable task for marketers. [8].

Technological Environment

The technical environment is made up of all the elements that have an effect on an organization's operations and are connected to the knowledge utilized, materials, and equipment used in the creation of products and services. The following are some significant influences and variables at work in the technical environment:

1. The sources of technology, including internal, external, and international sources; the cost of acquiring technology; and cooperation and technology transfer.
2. The evolution of technology, including its phases of development, rates of change, and research and development.
3. The consequences of technology on people, the human-machine interface, and the environment.
4. The environment's technological infrastructure and communication.

Because technology, in addition to customer groups and customer functions, determines the business of their organizations, strategists cannot afford to ignore the technical environment. Boris Petrov asserts that technological change has three strategic ramifications: it can alter the relative competitive cost position within an organization; it can generate new markets and business segments; and it can cause the collapse or merger of previously independent organizations by lowering or eliminating their segment cost barriers. [9].

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Supplier Environment

The cost, dependability, and availability of the production or service variables that have an influence on a company's operations are included in the supplier environment. The following are some significant impacts and elements that affect the supplier environment:

1. The price, accessibility, and reliability of raw materials, subassemblies, parts, and components.
2. The price and accessibility of financing for carrying out plans and projects.
3. The cost, dependability, and accessibility of the energy utilized in manufacturing.
4. Human resource costs, accessibility, and reliability.
5. The price, accessibility, and presence of sources and avenues for the supply of equipment, replacement parts, and post-sale services.
6. Infrastructure support, ease of access to various production elements, supplier bargaining power, and availability of replacements.
7. The supplier environment has a significant role in the design of strategies..

Economic Environment

The macroeconomic environment comprises of variables that affect how wealth is produced and distributed and has an effect on an organization's operations. Among the significant forces and variables influencing the economic climate are:

1. The stage of economic development that a nation is in at any particular moment.
2. The kind of economic system used, such as a mixed economy, a capitalist economy, or a socialist economy.
3. Economic policies such monetary, fiscal, and industrial ones.
4. Economic planning, including yearly budgets, five-year plans, and other documents.
5. Economic indicators such as national income, income distribution, gross national product growth rate, per capita income, personal disposable income, rate of saving and investing, export and import values, balance of payments, etc.
6. Infrastructure elements include financial institutions, banks, and means of transportation, communication infrastructure, and so forth.

Strategists are acutely aware of the importance and impact of the economic environment on their organizations. Almost all annual company reports presented by the chairman devote attention to the general economic environment prevailing in the country and an assessment of its impact on their companies [10].

CONCLUSION

The planning, promotion, and regulation of economic activity by the government, together with other elements that have an effect on an organization's operations, make up the regulatory environment. The following are some significant influences and elements that affect the regulatory environment:

1. The constitution's guiding ideas, basic rights, and allocation of legislative authority between the federal and state governments;
2. Regulations concerning industry finance, monopolies, foreign investment, and licensing;
3. Pricing and distribution policies, as well as their management;
4. Import- and export-related policies;
5. Additional regulations pertaining to the public sector, small-scale enterprises, diseased industries, development of underdeveloped regions, pollution control, and consumer protection.

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An Elaboration of the Political Environment

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***ABSTRACT:** An explanation of the political climate and how it affects society. The political environment includes how people and the government interact as well as how political institutions are set up and run. The influence of various political systems, including democratic and authoritarian ones, on society is examined in this essay. Additionally, it examines how political ideologies like liberalism, conservatism, and socialism influence political frameworks and practices. The report also examines how globalization and technological development have changed the political landscape, including the emergence of new types of political action and involvement. The debate emphasizes the significance of comprehending the political environment in order to effectively participate in civic life and promote change.*

***KEYWORDS:** Civic Participation, Democracy, Globalization, Government, Political Environment, Political Institutions*

INTRODUCTION

The socio-cultural environment is made up of elements that affect how people interact with one another in a society, how those interactions evolve, how they take on different shapes, how they operate, and how people acquire and share behaviors that have an impact on how an organization does business.

Several significant forces and variables that affect the social environment include:

1. Demographic characteristics, such as population density and distribution, changes in the population's age composition and interstate movement, mobility between rural and urban areas, and income distribution;
2. Sociocultural issues such consumerism, media consumption, commercial involvement in society, and environmental destruction;
3. Sociocultural attitudes and values, such as what society expects of business, social norms, religious convictions, and ritualistic behavior, as well as shifting dietary and lifestyle trends, and consumerism;
4. Family values, attitude toward and within the family, and changes to the family structure;
5. The function and standing of men, women, kids, teenagers, and the elderly in the family and society;
6. Educational levels, human rights knowledge and sensitivity, societal work ethics, and attitudes toward marginalized and minority groups.

The socio-cultural environment significantly influences the organization's strategic management process in terms of creating goals and objectives as well as choices on goods and markets. Strategists either don't appear to completely understand how the socio-cultural environment affects the business or they are too focused on other environmental variables to give socio-cultural aspects much weight. The nature of socio-cultural factors may be one explanation for this lack of interest. Socio-cultural changes occur relatively slowly and don't seem to have a noticeable instant effect on tactical choices. [1].

International Environment

The international environment consists of all those factors that operate at the transnational, cross-cultural, and across-the-border levels which have an impact on the business of an organization. Some of the important factors and influences operating in the international environment are as below:

- **a)** Globalization, its process, content, and direction;
- **b)** Global economic forces, organizations, blocs, and forums;
- **c)** Global trade and commerce, its process and trends;
- **d)** Global financial system, sources of financing, and accounting standards;
- **e)** The geopolitical situation, equations, alliances, and strategic interests of nations;
- **f)** Global demographic patterns and shifts;
- **g)** Global human resource institutions, availability, nature and quality of skills and expertise, mobility of labor and other skilled personnel;

h) Global information systems, communication networks, and media;
i) Global technological and quality systems and standards;
j) Global markets and competitiveness;
k) The global legal system, adjudication, and arbitration mechanisms;
l) Globalization of management and allied disciplines, and the diffusion of management techniques in industry.

A unique category within the environmental sector is the global environment. The international environment includes all of the sectors, although in a global context, in contrast to the previous seven sectors, which are mostly constrained and exclusive. What we want to say is that, whereas, for example, the political environment inside a country may consist of specific national political aspects, the international environment would also include a geopolitical component comprising the political influences and factors at the global level [2]. In a society where concerns about sustainable development have taken on a lot of relevance, environmental conservation is of the utmost importance. The business sector is currently subject to a multiplicity of rules for pollution prevention and environmental preservation. For polluting businesses like processing plants and refineries, this is particularly important.

It should be highlighted that any artificial division of the environment into sectors exists only to aid in comprehending its many environmental components. In actuality, there is a high degree of interaction between variables from many environmental sectors, and the boundaries between the various environmental sectors are blurry. For instance, market demand, a component of the market environment, does not exist in a vacuum and is reliant on a variety of other elements, including the overall health of the economy, the motivation of consumers, and the technical caliber of the items [3].

In addition to inter-sectoral interactions, there are intricate relationships between the variables within a single environmental sector. The technical environment has a variety of impacts and aspects, therefore let's look at an example of such an interlink age. Among them, technology transfer and cooperation have an impact on how a company's and the sector's overall technology is developed. Raising the degree of technology has an impact on both human and machine systems. Additionally, there are consequences for how technology affects the environment. [4].

The intersectoral and intersectoral nature of the environmental factors has to be considered while understanding the different environmental sectors. Strategists have to constantly monitor the environment and its different sectors for opportunities and threats that have or are likely to have, an impact on their organizations. Such monitoring is done through environmental scanning.

Environmental Scanning

Recently, we have seen the many variables that make up an organization. These elements include current affairs, trends, problems, and expectations of many interested parties. Here is an explanation of these elements.

a) Events are significant, specific occurrences that occur in various environmental sectors;
b) Trends are broad patterns or directions that trends follow;
c) Issues are the present-day worries that result from events and trends; and
d) Expectations are the requests made by interested parties in response to their concern for issues.

An organization's business environment is constantly shaped by environmental factors, which are a complex amalgam of occasions, trends, problems, and expectations. A company may examine the effects of many events, trends, challenges, and expectations on its strategic management process by monitoring the environment via environmental scanning. Strategists must handle the process of environmental scanning carefully due to the complexity of the environment that every firm must contend with and the critical need of analyzing it. It must be carried out such that no time or effort is wasted and no significant aspects are overlooked. For this to occur, it is crucial to develop an approach—or a strategy that combines many approaches—to environmental scanning. [5].

Approaches to Environmental Scanning

Kubr has suggested three approaches that could be adopted for sorting out information for environmental scanning. We could call these approaches systematic, ad-hoc, and processed form approaches.

1. **Systematic Approach:** In this strategy, data is methodically gathered for environmental scanning. To track changes and take into account relevant factors, information on markets and customers, legislative and regulatory changes that directly affect an organization's operations, government policy statements about the

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organization's business and industry, etc., could be continuously gathered. Such information must be updated often for both operational and strategic management purposes.

2. **Ad-hoc Approach:** In this strategy, the company utilizes information that has been processed and gathered from many sources both within and outside the company. When a company utilizes data from public or private entities, it uses secondary sources of information, and the data is accessible in a processed form. Organizations utilize a variety of practical combinations or ways to monitor their relevant surroundings since environmental scanning is an essential need for the design of strategies. These methods might vary from a casual evaluation of the environmental elements to a very rigorous and methodical process. Ad-hoc studies may be conducted on occasion, and informal evaluation may be used as a crisis response strategy. To be proactive and prepare for changes in environmental elements, a highly organized and formal approach as well as an ongoing structured data gathering and processing system may be implemented.

3. **Processed-form Approach:** Organizations may take a variety of positions between the two extremes of the informal and formal methods, depending on their level of environmental concern. Situations may call for such attitudes. An environment may be periodically monitored, for instance, when a decision on a problem has to be made.

For the organization's relevant environment, systematic and ad hoc ways may be utilized, while the processed-form approach can be used to assess both the relevant and the general environment. Regardless of the method used for environmental scanning, data gathering is required to determine environmental parameters. [6].

DISCUSSION

Sources of Information for Environmental Scanning

The various sources of information tapped for collecting data for environmental scanning could be classified in different ways. There could be formal and informal sources. Then there could be written as well as verbal sources. In terms of origin, data sources could be external or internal.

Given below are some of the important types of sources of information.

- **a)** Secondary or archival sources of information, such as books or other publications. These include things like annual reports of rival firms, commercial databases, trade and industry organization newsletters, newspapers, periodicals, journals, books, and so on.
- **b)** Widespread media, including radio, TV, and the Internet.
- **c)** Internal sources, such as personnel records, sales staff, management information systems, databases, and internal reports and memos.
- **d)** External organizations, including clients, marketing middlemen, vendors, industry associations, and governmental organizations.
- **e)** Official research conducted by business personnel, market research firms, consultants, and educational organizations
- **f)** Spying and monitoring using former workers of rival corporations, industrial espionage organizations, or by embedding "moles" in competing businesses. Despite the questionable ethics of these sources, they are utilized and so ought to be included.

Depending on the information they require for environmental scanning, strategists draw from a variety of information sources. Despite being a rich and complete source of information, government publications often become accessible after a long delay. Private sources may be rather costly to access, despite being current and useful. As a result, anytime a specific information source is utilized, it should be examined for its validity, timeliness, techniques of data collection and analysis, manner of presentation, etc.

Methods and Techniques Used for Environmental Scanning

Many different approaches and strategies may be used for environmental scanning. Both formal, organized strategies and instinctive approaches are accessible. These methodologies and strategies are available for strategists to select from, depending on which best meets their requirements for environmental information in terms of amount, quality, availability, timeliness, relevance, and cost. The methodologies and strategies utilized for environmental scanning have been discussed by several writers. Single-variable extrapolation, theoretical limit environments, dynamic modes, mapping, multivariable interaction analysis, unstructured expert opinion, structured expert opinion, unstructured inexpert opinion, and unstructured inexpert speculation are the nine categories of approaches that LeBell and Krasner list [7].

In their study of environmental scanning and forecasting in strategic planning, Fahey, King, and Narayanan covered 10 strategies. These include creating scenarios, simulating events, morphological analysis, project-program-budget systems, game theory, cross-impact analysis, field anomaly relationships, multi-echelon coordination, and other forecasting tools. A growing body of mathematical methods based on complexity theory that is intended to address the dynamic character of real-world situations is of special interest. Applications of the mathematical ideas of fractals, fuzzy logic, genetic algorithms, swarm stimulation, the Monte Carlo method, and the most well-known of them all, chaos theory, are among the methodologies.

There have unavoidably been efforts to use growing information technology to aid strategic planners in environmental scanning because of the rising complexity of the external world. It has been suggested to use methods based on artificial intelligence, neural networks, data mining, and knowledge-based systems. One example is a system built on software agents that continuously monitors the surroundings. Another is Satyam Computer Services' business solutions program called Futurus, which is used to develop and simulate future situations. While many environmental techniques use statistical methods and increasingly, sophisticated software in computer-assisted environmental scanning and forecasting, others, like scenario writing, may not use statistical data but instead employ informed judgment and intuition to predict what the future is most likely to be, expressed in the form of a descriptive statement or report.

The use of process-based environmental scanning methods has sometimes been suggested. For instance, a group of strategists write scenarios as part of B. Nanus' four-step QUEST approach. Based on the idea that opportunities and dangers often start as faint signals from the external environment's periphery, Day and Schoemaker have presented a seven-step procedure for building peripheral vision that watchful organizations should adopt. To properly use the environmental scanning procedure, strategists must be aware of its drawbacks.

Pitfalls in Environmental Scanning

Just like any other strategic planning technique, environmental scanning has its soft underbelly. We could enumerate at least five pitfalls faced while using environmental scanning.

- **a)** Strategic planners sometimes risk missing important trends and concerns in the broader environment by focusing too much on the impacts in the relevant environment.
- **b)** The risk of "paralysis by analysis" exists because environmental scanning might provide an information overload that makes it difficult to take prompt action. Environmental scanning should not turn into a habit of statistic crunching.
- **c)** The goal of environmental scanning is to identify factors that will affect how an organization makes strategic decisions in the future. Environmental scanning should only be utilized for this reason, not for any other, and this purpose should not be forgotten. For example, scanning findings cannot be utilized by strategists for political scheming to further their point of view, functional interests, or departmental objectives.
- **d)** Too much integration between the organization's operational and functional operations and the environmental scanning function is not advisable. As a result, it shouldn't be made into a line function to avoid being too closely aligned with the objectives of those operations.
- **e)** Environmental scanning should also not be too far from the organization's reality, or else it will become an impersonal staff activity.
- **f)** After the environmental scanning procedure is over, the strategists must decide how to organize the vast amount of information at their disposal. The issue comes down to sorting the data in a way that makes it evident what possibilities and risks are there in

various spheres of the organization's environment. [8].

Appraising the Environment

It is vital to evaluate the environment to provide a clear picture of the possibilities and risks the organization is facing at any given moment. This is accomplished through understanding the variables that influence environmental appraisal, identifying the environmental variables, and organizing the environmental appraisal's findings.

Environmental Appraisal Influences

No two strategists or organizations would evaluate the environment similarly if the same environmental circumstances existed. This is because several aspects have an impact on the environmental evaluation process. By dividing them into three groups, we could pinpoint these elements: the organizational, environmental, and strategist-related elements.

1. **Strategist-related factors:** Several strategist-related aspects have an impact on the evaluation of the environment. Age, education, experience, motivation level, cognitive styles, ability to withstand time constraints, and strain from responsibility are all factors that affect how well and to what extent strategists can assess their organization's environment because they play a key role in the formulation of strategies. The interpersonal relationships between the many strategists participating in the evaluation, team spirit, and the power dynamics between them might all be considered group traits, in addition to these variables that are tied to the strategists as individuals. Another factor indicating how top managers see environmental scanning and the existing communication patterns between managers and the organization is information awareness.
2. **Organization-related factors:** Numerous organizational traits affect the environmental evaluation process, much like those of strategists. These qualities include the organization's age, size, complexity, market niche, and the kind of goods or services it offers. They also include the type of company the organization is in. Another factor highlighted is information climate, which is evaluated via the information infrastructure put in place, or the procedures, tools, and personnel employed in gathering and managing information. [9], [10].

CONCLUSION

Environmental influences. The kind of environment that an organization must operate in impacts how its evaluation may be conducted. The intricacy, instability, antagonism, and variety of the environment all affect its character. According to viewpoints on information processing, scanning activity will rise in response to increasing environmental uncertainty. According to social cognition theories, scanning declines at both high and low levels of uncertainty because beneficial information is either impossible to get or already known. In conclusion, the effectiveness of environmental assessment is influenced by the strategists, the companies they lead, and the environment in which those organizations operate. Strategists must first identify the environmental aspects to organize the environmental evaluation.

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An Overview of Environmental Factors in Organization

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ABSTRACT: Organizational environments have a big influence on whether they succeed or fail. To create successful development and sustainability plans, it is essential to identify the environmental elements that have an impact on a company. The important ideas in relation to environmental influences in organizations are summarized in this abstract. It talks on the many aspects of the outside world, such as the political, economic, social, technical, environmental, and legal aspects. The internal environment, which includes company culture, leadership, and resources, is also examined in the article. The abstract also discusses several analytical techniques, including as SWOT, PESTEL, and Porter's Five Forces analyses, that are used to pinpoint environmental issues. In recommending more study in this area, the report finishes by highlighting the significance of identifying and assessing environmental elements for organizational performance.

KEYWORDS: Economic Factors, Environmental Factors, Internal Environment, Legal Factors, Organizational Success, Political Factors.

INTRODUCTION

Numerous problems that influence the organization are found as a result of environmental scanning. The severity of these problems' effects on the organization's business and the likelihood of those effects might be used to evaluate them. Environmental problems might be divided across the matrix's nine cells in this way. The key problems are those that are most likely to have a significant influence on companies and need the strategists' rapid attention. High-priority problems are those with a medium to high chance of having an effect, whilst situations with a high degree of impact but a low likelihood of happening need to be watched carefully. All other concerns may be seen as being of low importance, but they still need to be continually monitored since things can change in the future. This would enable strategists to concentrate their emphasis on a smaller number of environmental challenges. When these problems are broken down into opportunities and dangers and assigned to various environmental sectors, they aid in organizing the environmental evaluation.

Environmental appraisal structure

The structure of the environmental evaluation with the identification of environmental concerns helps the strategists have a clear understanding of the environmental opportunities and risks. Since environmental challenges cannot be easily categorized into tidy categories, structuring the environmental evaluation is a challenging procedure. Multiple environmental sectors might be contributing to the same problem at the same time. In order for clarity to emerge, strategists must utilize their knowledge and discretion to prioritize the many environmental challenges. The environmental evaluation may be structured using a variety of methods. Glueck suggests one such method, which is to create an organization's environmental hazard and opportunity profile. [1], [2]. To prepare an ETOP, it is necessary to first segment the environment into several sectors and then evaluate how each sector affects the company. Each environmental sector must be broken down into sub-factors for a thorough ETOP, and the influence of each sub-factor on the business must then be stated. For simplicity, a summary ETOP may just highlight the most important elements.

The table that follows is an example of an ETOP created for a reputable business in the cycling sector. Manufacturing sports cycles for the local and international markets is the company's major line of business. Although the example in this paragraph refers to a fictitious corporation, it is practical and based on the present business climate in India.

Positive impacts are denoted by upward arrows, negative impacts by downward arrows, and neutral impacts by horizontal arrows. As can be seen from the above table, the many possibilities present in the environment make sports cycle manufacturing an

appealing prospect. The economic, social, and technical sectors all have promising futures. Opportunities in the company's specific market niche may arise due to market conditions. Despite the low attention value of the business, the corporation may benefit from the growing demand by using the many government rules and incentives that are still in place. Additionally, it may benefit from the enormous export potential that presently exists but has not been fully realized. Due to its history as a reputable bicycle manufacturer, the firm has a favorable supplier environment and strong relationships with its suppliers. Contrast this, however, with what this ETOP means for a new manufacturer that wants to join this market. Even if the economic, social, and technical environments would still be favorable, a lot would rely on the company's ability to guarantee the supply of raw materials and components, have access to the most recent technology, and have the facilities to employ it.

The creation of an ETOP gives strategists a clear image of which industries and the many aspects within each industry have a positive influence on the organization. The organization is aware of its position concerning its surroundings thanks to an ETOP. Such knowledge may greatly assist a company in developing effective strategies to seize opportunities and thwart risks in its surroundings. Strategists must first determine if the organization has the necessary strengths or flaws that might limit its capacity to seize chances before it can begin formulating plans. This evaluation is carried out by examining the organization's assets and liabilities as part of the SWOT analysis. The following unit's topic, organizational evaluation, will cover how to analyze the strengths and flaws.

The focus of the unit is environmental evaluation, which is the process of determining the opportunities and dangers that an organization faces to develop its strategy. We have discussed SWOT analysis, differentiated between the general and relevant environments, defined and explained the concept of environment sectors, discussed environmental scanning, listed the methods and techniques for environmental scanning, and drawn and analyzed the structuring of environmental appraisal and its impact on each sector of the organization. We have also defined the concept of environment as it relates to business organizations. [3], [4].

DISCUSSION

An opportunity is a favorable circumstance in the surroundings of the organization that allows it to solidify and improve its position. A weakness is a built-in restriction or limitation that results in tactical disadvantages. Market Environment: The elements relating to the groups and other organizations that compete with and have an influence on the marketplaces and businesses of an organization make up the market environment. The notion of strategy and its significance in corporate operations, as well as the methodology of strategy management, were covered in earlier sections. The identification of possibilities for organization in the long term is a crucial component of strategy design. However, if an organization is not prepared to take advantage of these opportunities—that is, if it has the means and capacity to do so—then its mere presence is useless. Identification, analysis, and evaluation of an organization's skills are equally crucial. We will cover a variety of organizational analysis and organizational assessment topics in this course. Before moving on to the many methods and methodologies used in analyzing resources, skills, and competencies in an organization's pursuit of competitive advantage, we will first consider the significance of resources in the development of strategy. [5].

Unit Objectives

This unit is aimed to analyze the organization to determine its strategic capability. After reading this unit you should be able to:

1. Evaluate the resources of the organization
2. Understand the concept of RBV / RBT
3. Explain the process of organizational appraisal
4. Explain various tools and techniques used in organizational appraisal

The Resource Based Theory

The capacity of a company to outperform its competitors is referred to as having a competitive edge. In a broad sense, CA might result from a number of variables, including first mover advantage, size of operation, quality management, international operations, etc. Competitive advantage is a relative idea that describes how a company could outperform its rivals, which is once again the goal of strategy. A generalized approach of strategy creation begins by examining possibilities in a particular sector and strives to take advantage of them. For instance, Mr. Sunil Bharti's decision to begin his telecom business, "Airtel," was influenced by the potential presented by

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the liberalization of the telecommunications market in the late 1990s.

On the other hand, the Resource Based Theory, also known as Resource Based View, may be thought of as a "inside-out" approach of strategy creation since it focuses on what an organization is capable of. What an organization can do with its resources, talents, and competences. We begin by examining the resources the company has available. We then establish a plan that will enable us to maximize wealth in a sustainable manner after evaluating their ability to generate value. In terms of marketing, the corporation strives to raise the size of the cake rather than competing for market share or a slice of the cake. For instance, "Apple" completely ignored the competition in the mobile handset industry and concentrated on the features and advantages its products provide to consumers; as a consequence, despite their phone's high price, it is clear that the product is a success. [6], [7].

The fundamental tenet of the RBV is that every business has a unique "bundle" of resources, including both physical and intangible assets as well as the organizational capacity to use those assets. These resources help each company build its skills, which, when used well, turn into the sources of the company's CA.

Competency

According to the definition of a competence, it is "any knowledge, skill, set of actions, or thought pattern that reliably distinguishes between superior and average performer, i.e. a competency is what superior performers do more of and with better results than average performers on the job." The capacity of an organization to accomplish its goals is referred to as competency. It is the capacity to perform extraordinarily effectively and boost an organization's stock of focused resources. Depending on the kind of capabilities, competence may be divided into core and non-core categories.

Fundamental ability

Prahalad and Hamel popularized the phrase "core competence" as a framework around which a business may develop its strategy. An organization's core competencies are thought to be its main source of competitive advantage and the areas on which it should concentrate its efforts. A core competence is a special ability or technology that adds distinctive value for customers. Core competences are assets or skills that may be a source of competitive advantage, strategic competitiveness, or the capacity to generate returns that are higher than average.

The basic competences of an organization change along with it as it expands, develops, and adapts to its environment. Core competences are so adaptable and change over time. They don't stay fixed and stiff. The offered resources may be used to the fullest extent by the company, and they can be linked to fresh possibilities presented by the environment. All non-essential tasks should be outsourced, while key capabilities should be safeguarded and developed. Core competencies aid in identifying new potential for building values that are unique to each firm.

Capabilities and Routines

A team's or group of resources' capability is their capacity to carry out a certain job or activity. In order to transform inputs into outputs, it combines resources, people, and processes. They develop gradually as a result of intricate resource interactions. Complex organizational skills make it simpler for a company to maintain its competitive advantage by creating a significant barrier for other businesses to join the market.

Capabilities can be represented mathematically as: C = F , where C: Capabilities, TA: Tangible Assets, IA: Intangible Assets, S: Skills [8], [9].

An organization's capacity and ability to apply its skills to thrive in a specific area underpins its organizational competence. Routines are recurring, predictable patterns of behavior made up of a series of well-planned individual acts. They are the outcome of recurrent interactions between individuals and other business resources.

Framework for the Development of Strategic Advantage by an Organization

The internal environment of a company is determined by its resources, behavior, strengths, limitations, synergistic effects, and competences. The diagram that demonstrates how a company develops a competitive advantage is shown in the figure below. Some of the terminology used in the graphic have previously been covered in general discussion, and you've probably covered other terms in earlier units as well. To put these phrases in the particular context of organizational evaluation, let's clarify them first.

Organizational Resources

A company is a collection of resources, both physical and intangible, that includes all of its possessions, skills, organizational procedures, data, knowledge, and other things. These resources fall under the categories of organizational, human, and physical resources. The majority of businesses struggle to get

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resources; the cost and accessibility of resources are the most crucial elements that determine an organization's performance.

An organization has an enduring strength that it may employ as a tactical weapon against its rivals if it is well-positioned in terms of the cost and availability of a certain kind of resource. On the other side, disadvantages like high cost and limited availability of a resource result in an organization's ongoing strategic inferiority.

Organizational Behavior

The expression of the numerous factors and influences at work in an organization's internal environment that enable or restrict resource use is known as organizational behavior. Organizational behavior is distinctive in that it contributes to the development of an organization's distinct identity and character. The effectiveness of leadership, management philosophy, shared values and culture, quality of work environment and organizational climate, organizational politics, and use of power are a few of the significant variables and influences that determine organizational behavior. The concept suggests combining an organization's resource configuration, which is its "hard" side, with its "soft" side of behavior. [10].

Strengths and Weaknesses

Resources and conduct inside an organization don't exist separately. They interact intricately to produce strengths and weaknesses in an organization's internal environment. Strength is a natural talent that an organization may use to its advantage. On the other hand, weakness is an innate restriction or limitation that puts an organization at a strategic disadvantage. Strengths and weaknesses don't exist in isolation; rather, they combine both inside and across functional domains to produce beneficial outcomes.

Synergistic Effects

Organizations' intrinsic nature dictates that resources, behavior, and strengths and weaknesses all combine in a number of ways rather than existing alone. For example, two strong spots in a certain functional area together represent more than twice as much strength. Similar to this, when two vulnerabilities work together, the harm is more than doubled. The concept of synergy is the notion of combining two or more parts to produce a sum that is larger than the sum of the individual elements individually. In reality, what we have is a scenario where factors combine to generate an increased or decreased influence yet do not sum numerically. The synergistic effect is the name given to this event.

Synergistic effects may take place in an organization in a variety of ways. For instance, different components within a functional area, like marketing, assist one another in terms of product, price, distribution, and promotion, leading to marketing synergy. The marketing and manufacturing departments may assist one another at a greater level, creating operational synergy. On the other side, ineffective marketing lowers manufacturing efficiency, which has a bad overall effect and leads to discord. Thus, synergistic effects play a significant role in determining the kind and quality of the internal environment present inside a company and may promote the development of capabilities.

Competencies

As was previously said, an organization's competencies are unique attributes that enable them to resist the demands of market competition. A company has a tendency to employ its capabilities very effectively when it develops them through time and perfects them into a fine art of competing with its competitors. The capabilities become core competencies when they can be used exceptionally effectively.

Specialized Competence: It is referred to be a unique competency when a certain company has a certain talent solely or in a significant amount. It is an organization's distinct quality that its rivals find difficult to duplicate. For instance, Reliance Industries has a cost advantage that is difficult for competitors to match. Any advantage a business has over its rivals because it can do an action that they cannot or cannot perform as well as they can is referred to as a particular competence. It goes without saying that not all businesses must have a unique expertise. Additionally, not all organizations that have particular unique skills make use of them for strategic goals. However, the idea of differentiated competence is helpful for formulating strategies.

Organizational Capability

The ability of an organization to utilize its strengths and overcome its deficiencies in order to take advantage of opportunities and confront dangers in its external environment is known as organizational capability. It is also considered to be a talent for organizing resources and using them effectively. Even if they are rare and precious, resources may be useless without capacity. Organizational capacity is described as "the knowledge and skills that an organization can

apply to achieve success in a competitive environment" by BNET Business Dictionary. It emphasizes the capacity to provide goods that clients appreciate or will value in the future. This entails having to adapt and alter to meet the shifting environment and having to stretch organizational resources in novel ways that other companies find challenging to match. Many strategists subscribe to the view that an organization's capabilities—i.e., the knowledge and skills of its personnel—are the product of its knowledge base.

Organizational capacity is largely of importance to strategists for two reasons. They first want to determine if the company has the ability to take advantage of opportunities or deal with challenges in its surroundings. Second, they want to know what organizational potentials should be developed in order to take advantage of opportunities and prepare for potential risks. Through the organizational evaluation process, which is the topic of this course, organizational capacity is assessed and compared. Starting with the forces and influences present inside the organization is a workable strategy for evaluating it.

Competitive and strategic advantage

Organizational strengths result in strategic benefits. They are the end result of organizational operations that provide incentives in terms of monetary criteria, like profit or shareholder value, and/or purely non-monetary criteria, such market share or reputation. Strategic disadvantages, on the other hand, are penalties in the form of monetary loss or market share harm. These benefits or drawbacks are undoubtedly the result of organizational capacities being present or absent. The dimensions in which they are stated allow for the measurement of strategic benefits in absolute terms. Therefore, profitability might be used as a proxy for strategic advantage; the greater the profitability, the greater the advantage. They are similar in terms of an organization's past performance or its present performance in comparison to its rivals.

CONCLUSION

Competitive advantage is a particular instance of strategic advantage in which there is one or more known competitors who might be used as benchmarks for rewards or punishments. Therefore, a business may have a competitive advantage if it outperforms its competitors in terms of profitability or market position. Competitive advantage is to be assessed and compared with relation to other competitors in an industry and is relative rather than absolute. The phrase "competitive advantage" has been used increasingly often as industry competition has increased, mostly as a result of liberalization and the reform process. The positioning school of thinking in strategy has emphasized the idea of competitive advantage, which has made it more widely employed.

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An Overview of the Organizational Appraisal

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ABSTRACT: An organizational appraisal identifies areas for development by conducting a thorough analysis of the organization's strengths and shortcomings. Gathering and evaluating data on the organization's structure, culture, leadership, operations, and performance are all part of the process. The findings of an organizational assessment may provide managers and leaders insightful information that will help them make wise choices regarding organizational growth projects, resource allocation, and strategic planning. An organizational evaluation may also assist in identifying the organization's strong points so that it can build on them to further its objectives. In the end, an organizational assessment is a potent instrument for fostering organizational success, growth, and development.

KEYWORDS: Appraisal, Assessment Culture, Data Analysis, Organizational Development, Resource Allocation, Strategic Planning.

INTRODUCTION

As the foundation for success, a company continuously seeks to strengthen its areas of excellence. As a result, the organization will evaluate only environmental aspects that are relevant in light of its strengths, so limiting the range of environmental variables that may be examined. For instance, if a company has great manufacturing and production capabilities, it could prioritize production operations rather than pursuing both marketing and production. An organization must first recognize its shortcomings, whether they are connected to a person, a process, or an organizational aspect, to overcome them. The organizational assessment identifies the organization's weak spots and aids in determining and putting corrective measures into place.

Organizational Appraisal Process

There is a certain order in which actions occur throughout the organizational evaluation process. This procedure is carried out to help the organization get to the point where it can make strategic choices while taking into account its strengths and shortcomings.
The process of organizational appraisal will proceed through the following sequence:

1. Identification of key factors for appraisal.
2. Assessing the importance of key factors on historical as well as future requirements.
3. Assessing strengths and weaknesses of key factors in the light of competitors'' and likely future scenarios.
4. Preparing organizational capability profile.
5. Relating organizational capability to strategy.

Considerations In Organization Appraisal

1. Factors affecting organizational appraisal
2. The ability of strategist to comprehend complexity
3. Size of the organization
4. The organization's internal environment vitiated
5. Approaches to organizational appraisal
6. Systematic approach
7. Ad hoc approach
8. Sources of information for organizational appraisal
9. Verbal
10. Written
11. Internal
12. External

Appraisal of Organizational Capability Factors

Strategic strengths and weaknesses that exist across many organizational functional areas are known as organizational capacity factors, and they play a significant role in the creation of strategy. The goal of strategic advantage analysis is to identify the areas where a company has considerable strengths so that it can take advantage of opportunities and counter threats in the environment. To do this, strategists look at the firm's resources and skills in the major functional areas. Analysis of the following internal

elements is the foundation for determining a firm's strengths and weaknesses:

Financial Capability

The availability, use, and administration of finances, as well as any other related issues, are all related to an organization's capacity or ability to carry out its plans. The following methods may be used to determine the areas of finance and accounting's strengths and weaknesses:

a) **Financial Resources and Strength:** It aids in identifying the source of funding and the availability of financial resources. What are the short-term and long-term financial resources that are available? Are long-term finances accessible or can they be obtained in accordance with market demands and in comparison, to rivals.
b) **Capital Structure:** An organization's capital structure impacts its ability to raise new capital while preserving financial leverage and minimal capital costs. What is the cost of capital in comparison to the industry and other businesses?
c) **Financial Planning:** Financial planning is the process of determining the amount and kind of capital requirements in advance. The organization will be stronger if all of these things are planned out well in advance.
d) The costing, budgeting, profit planning, and auditing systems and procedures are determined by the accounting system and audit method. Determine if there has been no theft of money and provide suggestions for further steps.
e) The absence of such mechanisms results in organizational inefficiencies.
f) **Tax Planning and Tax Advantage:** Does the business benefit from tax planning by obtaining tax advantages and tax concessions? Under certain sections of the Company Law and Direct Tax Laws, the company may profit from tax benefits if it plans its investment strategy appropriately. Benefits under these rules might drastically lower the organization's tax obligation.
g) **Shareholder Relations:** Do the company's dividend and profit retention strategies align with expectations of shareholders? If such a connection is amicable, the business may continue to operate well even in the face of hardship. [1], [2].

Marketing Capability

The importance of marketing and distribution aspects may be attributed to the fact that successful company operations rely on them. The pricing, marketing, and distribution of goods and services, as well as any other related elements, are considered capability factors since they affect an organization's capacity and ability to carry out its plans. The marketing function is regarded as an important sector because it not only affects the success or failure of corporate operations but also because it serves as a crucial communication and interaction channel between the firm and the outside world. The following components should be included in the study of marketing capability:

1. **Competitive position and market share:** Business organizations have to operate in a competitive field. So, it is necessary to know whether the firm has a sizable market share.
2. **Product line:** Does the product line consist of a wide range and variety of designs and qualities?
3. **Product life cycle:** Product life cycle helps to know in which phase the main products are introductory, growth, or declining phase.
4. **Pricing:** Pricing policies, changes, protection, etc. are to be looked to know whether the pricing strategy is effective.
5. **Market:** Which type of market is? Do the sales depend on a few customers?
6. **Marketing research:** Marketing research offers the information for taking various marketing decisions such as Pricing, Advertising, Packing, Channels of Distribution, etc.
7. **Channel of distribution:** The term "channel of distribution" refers to the method by which products will be sold, including whether they will be sold via department stores, wholesalers, or other merchants. A strong distribution channel helps the company since it gets the goods to the right places when it's required, yet a poor channel can be one that's concentrated.
8. **Packaging:** How efficient and effective is the packaging and similar services.
9. **Marketing policy:** Is the policy consistent with the competition, consumer preferences, technological change and other environmental factors?

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Operations Capability

Operations capability factors relate to the production of products or services, use of material resources, and all allied aspects that have a bearing on an Organizations Capacity and ability to implements its strategies.

1. Elements of the production system, such as the production system's capacity, location, layout, product or service design, work processes, level of automation, degree of vertical integration, etc.
2. Factors affecting the operation and control system, including inventory management, cost and quality control, and aggregate production planning.
3. R & D system-related factors include personnel, facilities for product development, patient rights, the amount of technology being employed, technical cooperation and assistance, etc.

Personnel Capability

Personnel capabilities factors relate to the existence and use of human resources and skills, and all allied aspects that have a bearing on an organization's capacity and ability to implement its strategies. Some of the important factors which influence the personnel capability of an organization are as follows:

1. Factors relating to the Personnel System, such as the System for Manpower Planning, Selection, Development, Compensation, Communication, and Appraisal Position of the Personnel Department within the Organization, Procedures and Standards, etc.
2. Characteristics of the company and the people: Corporate image, caliber of managers, staff, and employees, the impression of the business's reputation as an employer, accessibility of possibilities for employee growth, working conditions, etc.
3. Employee satisfaction and morale; union-management relations; collective bargaining; safety, welfare, and security. Is there a high level of unionization among employees? Does the management keep cordial ties with the unions?

Information Management Capability

Information management capability factors relate to the design and management of the flow of information from outside into and within, an organization for the purpose of decision- making and all allied aspects that have a bearing on an organization's capacity and ability to implement strategies. Some of the important factors which should be analyzed in information management are:

1. **Acquisition and retention of information:** Sources, quantity, quality, and timeliness of information, retention capacity, and security of information.
2. **Processing and synthesis of information:** Database management, computer systems, software capability, and ability to synthesis information.
3. **Retrieval and usage of information:** Availability and appropriateness of information formats, and capacity to assimilate and use information.
4. **Transmission and dissemination:** Speed, scope, width, and depth of coverage of information, and willingness to accept information.
5. **Integrative, systemic, and supportive factors:** Availability of IT infrastructure, its relevance and compatibility to organizational needs, upgradation facilities, willingness to invest in state-of-art systems, availability of computer professionals, and top management support [3].

General Management Capability

General management capability refers to the coordination, integration, and leadership of the functional capabilities toward shared objectives and all other related factors that affect an organization's capacity and ability to carry out its strategy. Following are some significant aspects that affect an organization's overall management capacity:

1. Management system: Strategic management system procedures for mission-purpose and goal establishing, system for evaluating strategies, system for managing information, system for corporate planning, system for rewarding and incentivizing top managers, etc.
2. External relationships: Influence over and goodwill toward the government,

regulatory bodies, and financial institutions; public relations, a feeling of social responsibility, an overall positive public perception of the company as a corporate citizen, etc.

3. **Factors related to General Managers:**

Manager's mentality:

- **i.** Their relative preoccupation with external vs. internal problems.
- **ii.** Propensity to take risks.
- **iii.** Perception of the critical success factors and behaviors.

Power:

- **i.** Values, norms and personal goals of managers
- **ii.** Power position of the manager in the firm.
- **iii.** His ambitiousness and drive to use power.

Competence:

- **i.** Talents / Personality.
- **ii.** Leadership traits / skills.
- **iii.** Knowledge about the firm and environment. Capacity:
- **iv.** Personal work capacity.
- **v.** Work habits.

4. **Organizational climate:** rganizational culture, use of power, political processes, balance of vested interests, introduction acceptance and management of change, nature of organizational structure and controls etc. A few typical strengths which influence the general management capability of an organization are given below:

- **i.** Effective system for corporate planning.
- **ii.** Control, reward and incentive system for top managers geared to the achievement of objectives.
- **iii.** Entrepreneurial orientation and high propensity for risk taking.
- **iv.** Good rapport with Government and bureaucracy.
- **v.** Favorable corporate image.
- **vi.** Commonly being perceived as a good organization to work for.
- **vii.** Development oriented organizational culture.
- **viii.** Political processes used for consensus building in organizational interest.
- **ix.** Effective management of organizational change.

DISCUSSION

Methods and Techniques Used for Organizational Appraisal

The tools and procedures used for organizational appraisal may be the same as those used for strategic audit, another name for performance review of an organization. Organizational assessment is comprehensive and long-term in character, in contrast to performance evaluation. There are three basic categories into which organizational assessment methods and procedures may be divided:

1. **Internal analysis**

VIRO Framework Value chain analysis

Quantitative analysis, which includes financial and non-financial analysis Qualitative analysis

2. **Comparative analysis**

Historical analysis

Critical Success Factors Analysis Benchmarking

3. **Comprehensive analysis Key factor rating balanced scorecard**

Let us discuss these methods and techniques and see to what extent these help in assessing organizational strengths and weaknesses.

Internal Analysis

Investigating an organization's strengths and weaknesses while concentrating on elements that are pertinent to it is what internal analysis of an organization entails. [4], [5]. For internal analysis, four types of techniques may be used, let us discuss each one of them:

Viro Framework

The VRIO framework is recommended by Barney and Hesterly as a useful tool for analyzing a firm's internal environment. According to them, VRIO "stands for four questions about a resource or capability one must ask to determine its competitive potential:

1. **The Question of Value**
   - **i.** Does a resource enable a firm to exploit an environmental opportunity, and/or neutralize an environmental threat?
2. **The Question of Rarity**
   - i. Is a resource currently controlled by only a small number of competing firms?
   - ii. Are the resources used to make the products/services or the products/services themselves rare?

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3. **The Question of Imitability**
   i. Do firms without a resource face a cost disadvantage in obtaining or developing it?
   ii. Is what a firm is doing difficult to imitate?
4. **The Question of Organization**
   i. Are a firm's other policies and procedures organized to support the exploitation of its valuable, rare, and costly-to-imitate resources?

According to the VRIO framework, a supportive answer to each question relative to the firm being analyzed would indicate that the firm can sustain a competitive advantage. Below is an example of how to apply the VRIO framework and the likely outcome for the firm under varying circumstances.

Value Chain Analysis

Value chain analysis is the second framework that businesses may use to determine and assess the ways in which their resources and competencies might contribute value. By dividing the value chain into main and secondary activities, this paradigm helps businesses identify the components of their operations or activities that provide value. The graphic demonstrates how the company's value-creating operations may be divided into main and secondary activities.

Traditional line activities including incoming logistics, operations, outbound logistics, marketing and sales, and service are represented by primary activities, which are shown vertically. A company's staff activities are a representation of support activities, which include its financial framework, human resource management procedures, technical advancements, and procurement operations. [6], [7]. The first step in value chain analysis is to carefully examine each of the company's primary activities to determine the potential for creating or adding value.

1. **Inbound Logistics:** Consider all actions involved in the delivery of raw materials or component components into the manufacturing process as well as their reception, management, and storage.
2. **Operations:** All activities required to transform the inputs made accessible by incoming logistics into completed goods must be analyzed. Machining, assembling, upkeep of machinery, and packing are some examples.
3. **Outbound Logistics:** This area includes all of the company's operations related to the procurement, storage, and direct delivery of goods to consumers. Examples include managing materials, processing orders, and warehousing or storing completed goods.
4. **Marketing and Sales:** To encourage people to buy items and to make sure that products are available, a number of marketing and sales activities must be carried out. Selecting and establishing distribution channels, creating advertising and marketing campaigns, choosing, training, and supporting a sales staff are all examples of activities.
5. **Service:** This refers to the actions a business takes to increase or sustain the value of a product. These actions include installation, product usage instruction and adjustment, repair, and warranty services. The study of the company's support operations to ascertain any potential for value creation in such activities is the next phase in the value chain analysis process.
6. Procurement is the process of buying the materials required to make a company's goods, such as consumables or equipment utilized during the production process, suppliers, and fixed assets.
7. **Technological Development:** All actions taken to enhance a company's goods or manufacturing procedures. This covers fundamental research, the design of tools and processes, and the creation of products, and service protocols.
8. Human resource management refers to the processes involved in finding, selecting, onboarding, training, nurturing, and rewarding a company's workforce. Company infrastructure includes general management procedures, planning, finance, accounting, legal, and government relations. These activities support the tasks carried out throughout the company's value chain. A corporation may identify external opportunities and threats, internal strengths and weaknesses relating to corporate resources and skills, and support or nurture its core competencies by carrying out infrastructure-related operations [8].

Managers may examine the company's resources and capabilities in connection to the main and supporting

activities carried out to develop, produce, and distribute goods using the value chain framework, and they can compare those resources and capabilities to those of rivals. The goal of value chain analysis is to quantify the value produced by each chain activity. Create higher value for clients and gain a competitive edge by doing a main or supporting activity that no rival can match. This suggests that given that each organization is made up of distinctive or diverse bundles of activities, altering the value chain or bundling resources and skills may allow a business to create distinctive value-creating activities.

Due to incomplete or ambiguous data, there is no one best way to assess a company's primary and supporting activities or to assess the value-creation potential of those activities, either within the company or concerning competitors. This poses a managerial challenge. The challenge of estimating the contribution of numerous activities is another drawback of value chain analysis.

However, by maintaining objectivity, managers may be able to utilize the value chain framework to discover fresh, original methods to combine resources and skills to produce value that is difficult for rivals to identify, comprehend, or replicate. A corporation will be able to maintain a competitive edge for as long as it can keep rivals "in the dark" about how resources and skills have been combined to produce value [9], [10].

Quantitative Analysis

The performance of an organization can be assessed using numbers, as quantifying the variable is it strength or weakness makes the evaluation more meaningful and complete. Financial figures are the most widely used numbers in evaluating the performance of an organization. Financial figures when combined with non-financial figures give a realistic view of an organization.

2. Financial Analysis

The most popular method for examining any firm is financial analysis. However, the analysis is only as good as the accounting practices that produced the data. A word of caution should be taken from this: even large corporations like Enron and Satyam Computers presented rosy financial figures that were untrue and published with ulterior motives. However, financial analysis is and will continue to be a crucial component of organizational evaluation.

One of the most well-known and often used methods for financial analysis is the ratio analysis. There are four primary categories of financial ratios:

- **i.** Liquidity ratios: include current ratio and quick ratio.
- **ii.** Leverage ratios: include debt-equity ratio, interest coverage ratio, proprietary ratio and debt to assets ratio.
- **iii.** Activity Ratios: include assets turnover ratio, fixed assets turnover ratio, working capital turnover ratio, debtors' turnover ratio, inventory turnover ratio.
- **iv.** Profitability Ratios: include gross profit ratio, net profit ratio, operating ratio, return on shareholders' funds, earning per equity share.

3. Non-financial Analysis

There are numerous features of an organization that cannot be described financially. Non-financial analysis is crucial for assessing these areas' strengths and shortcomings. Non-financial metrics include market share, employee absenteeism, staff turnover, advertising recall rates, inventory turnover rates, number of patents registered each quarter, and others [11].

CONCLUSION

Qualitative analysis is pertinent for examining organizational aspects that are difficult or impossible to quantify with accuracy. For instance, it is difficult to quantify organizational image; at best, it may be expressed in terms of degree. The survey method may be used in a systematic qualitative study to determine, for example, the state of the organizational climate. When it comes to an organization's strengths and shortcomings, these aspects certainly important. Organizational competencies are, in reality, evaluated in a context. The goal of this context is to create a competitive edge that results from using capabilities in an environmental context. An organization should thus evaluate its capacity in relation to external factors. Additionally, organizational competence is a dynamic phenomenon that is always evolving. As a result, a company should evaluate its capabilities over time and do a comparison study. There are so two methods of comparison analysis that are often employed: Historical Evaluation and Comparison.

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An Analysis of Success Factors in Business Organization

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***ABSTRACT:** Financial statements typically include data from the current and prior years, as well as certain adjustments on a year-over-year basis (Y-O-Y basis). The purpose of these statements is to allow the reader to evaluate the company's performance concerning other companies. An organization may use historical analysis to examine all of its analyses from a period of years to determine if its strengths are growing or deteriorating. There are also significant restrictions on historical analysis. To take corrective action and eliminate weaknesses, the attention should first not only be on the regions of poor performance but also on what is causing it. Second, performance increases from the prior year may be illusory or a ruse in the financial reporting process. Last but not least, historical analysis simply assesses one's success or advancements, however, businesses should be more concerned with their performance relative to their rivals*

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***KEYWORDS:** Business Model, Business Environment, Business Management, Business Policy, Business Organization.*

INTRODUCTION

Critical success factors analysis and benchmarking, the following two analyses, compare an organization's performance to those of its rivals and the industry. Bullen and Rockart claim that the "limited number of areas in which satisfactory results will ensure successful competitive performance for the individual, department, or organization" are critical success determinants. 'Things must go right' in a select few crucial areas for the firm to succeed and for the manager's objectives to be met, according to critical success criteria.

The ideal fit between external elements and company characteristics, or the essence of business strategy, is certainly the inspiration for Rockart's notion of crucial success factors. In order for organizations to succeed, they must align their strategy, capabilities, and resources with the environment's core needs, constraints, threats, and opportunities. No firm can afford to create a plan that doesn't pay enough attention to the key elements that drive success in the sector. Rockart makes five sources of crucial success elements distinct:

- **a.** The industry, including factors such product specifications, technology used, and demand trends. These may also have an impact on every rival within a given sector, although their impact will differ depending on the traits and sensitivity of each sector.
- **b.** The company's industry position and competitive strategy, which are based on its past performance and current competitive posture.
- **c.** Environmental variables are the macroeconomic forces that have an impact on all industry rivals but over which they have little or no control, including demography, economic conditions, and governmental regulations.
- **d.** Temporal issues, are aspects of a company that interferes with the execution of a selected strategy temporarily, such as a lack of management know-how or skilled labor.
- **e.** Management role, or the many functional management positions inside a company, each have their own distinct set of important success elements.

After identifying the CSFs relevant to the industry in which an organization operates currently or plans to enter, it can measure its strength and weaknesses in the light of those CSFs. This type of analysis provides an opportunity for the organization to strengthen those areas in which it is lacking as compared to its competitors.

Some points regarding CSFs are worth noting:

- **a.** The answer to the question, "What do we need to do to be successful in

a particular context?" is a collection of CSFs.

b. Instead of being based on a complex process or an obscure theoretical model, CSFs are based on practical reasoning, heuristics, or a rule of thumb.

c. The development of intuition, judgment, and hunch for use in strategic decision-making emerges from many years of management experience.

d. The manager's words, professional views, and organizational success stories might all be used as the basis for an examination of what important CSFs function in a specific setting.

e. CSFs might also be produced internally using imaginative methods like brainstorming.

f. The application of CSFs in goal-setting and strategic decision-making separates successful businesses from those that fail.

g. CSFs are used to identify the important outcome areas, set goals in those areas, and create performance metrics to assess an organization's capacity for accomplishing its goals.

Benchmarking

"A standard or a point of reference against which things may be compared and by which something can be measured or judged," according to the dictionary, defines a benchmark. Benchmarking is described as "the constant, methodical practice of comparing one's output and/or work methods to the hardest rivals or those acknowledged as best in the industry. Benchmarking is a strategy for establishing objectives and gauging productivity based on the best business practices. Benchmarking aids in performance improvement by teaching lessons from best practices and the methods used to implement them. It entails periodically comparing various performance metrics with the best practices, spotting gaps, and coming up with creative solutions to not only close the gaps but also enhance the circumstances such that the gaps benefit the firm. Benchmarking is a regular activity for organizational development so that the company doesn't fall behind in the fast-paced business environment. [1], [2].

While helping management set objectives that are both desired and attainable, comparing outcomes with a rival doesn't reveal how the goals are to be reached. The core of benchmarking is a comparison of work progress that reveals how the competition uses a method that yields exceptional outcomes.

Implementation of Benchmarking Program

The following methodology is used in the successful implementation of the benchmarking program:

1. **Identification of Need to Benchmark:** This step will define the objectives of the benchmarking exercise. It will also involve selecting the type of benchmarking. Organizations identify realistic opportunities for improvements.
2. **Identification of Areas to Benchmark:** For a few crucial processes, such as product development, customer service, inventory management, asset base, profitability, shareholder value, etc., benchmarking is a must. In order for this to function correctly, it should start with a determination of the outcomes that influence the company's revenues, sales, and expenses. Factors to take into account include:

a. Activities that generate the greatest costs

b. The process which have been subject to customer complaints

c. Processes essential to delivering the firm's competitive advantage

3. **Understanding Current Process:** Information and performance data will be gathered in this stage. The mapping of current processes will be part of this. Information and data are gathered using a variety of techniques, including questionnaire

completion, visits, observations, and interviews.

4. **Best Process Identification:** Within the chosen framework, best processes are identified. These could be internal to the company or external.

5. **The Commitment of Senior Managers:** Senior management should be notified so that the program has their support and commitment. The goals and advantages of benchmarking. The programs estimated expenses. The potential for sensitive information to be disclosed to other groups. The benchmarking program's long-term nature and the predicted advantages it will bring to the business

6. **Understanding the Benchmarking Process:** Process managers, operational personnel, customers, and suppliers should be consulted before the benchmarking process is put into practice.

7. **Creation of Appropriate Measures:** The benchmarking team should research the whole company and all of its divisions before jotting down any actions or issues.

8. Monitor Process Measurement System: A suitable monitoring and control system must be built for the benchmarking program to be implemented successfully. It needs a trustworthy information system for data administration and acquisition.

9. Choosing an appropriate organization to benchmark against the goal of benchmarking is to provide management insight into how the company conducts its business and how its performance measures up to that of its rivals and other companies that engage in comparable activities.

10. Collect and Analyze Data: To provide an internal baseline for comparison with external processes, various metrics of process performance and trends are employed. Comparing the two sets of data allows for the learning of valuable lessons and the identification and adoption of enablers that best meet the needs.

11. Development of a Benchmarking Program: Senior management and operational employees should be consulted about differences in the operating environment. Benchmarking is a process of organizational improvement via the detection and closure of benchmarking gaps rather than a method of identifying errors.

12. Results Evaluation: The benchmark company will have to keep an eye on how well its improvement plans are working. Organizations assess the benchmarking process's outcomes in terms of improvements in comparison to the goals and other standards established for the purpose. In light of changes in the factors affecting performance, it also regularly reviews and resets the benchmarks.

Types of Benchmarking

It entails identifying the best practices among them by first identifying additional departments, locations, and projects that have related operations inside the business. It entails looking for partners inside the same corporation. For instance, from corporate offices in several locations. The key benefits of internal benchmarking are simpler access to sensitive data and information, the availability of standardized data, and often reduced time and resource requirements. As processes may be relatively simple to transfer within the same company, there may be fewer obstacles to adoption. However, best in class performance is more

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likely to be discovered via external benchmarking and actual innovation may be absent. [3], [4].

DISCUSSION

1. **External benchmarking:** External benchmarking entails enlisting the assistance of other, reputable businesses. External benchmarking offers chances to pick up knowledge from individuals who are on the cutting edge, but it's important to keep in mind that not every best practice approach can be applied to different situations. To assure the comparability of data and information, the veracity of the conclusions, and the production of reasonable suggestions, this kind of benchmarking may also need extra time and resources.
2. **Generic Benchmarking:** Comparing firms with comparable business processes is known as generic benchmarking. It entails evaluating an organization's core business operations and procedures against best practices of organizations that carry out comparable tasks or provide comparable services. How, for instance, do best practice organizations handle consumer orders? In order to get inspiration from businesses in other industries, the benchmarking process is expanded outside of the company and its sector.
3. **Functional Benchmarking:** To uncover methods to improve related functions or work processes, businesses may choose to benchmark with partners recruited from other business sectors or fields of endeavor. Benchmarking of this kind may spur innovation and significant advancements.
4. **Competitive benchmarking** entails assessing rivals' goods, services, and operations and contrasting them with one's own. It entails comparing your goods, operations, and financial performance with those of your rivals. It necessitates that the business do a thorough examination of the goods, services, and working methods of its rivals. Partners for benchmarking are chosen from the same industry. However, it is typical for businesses to do this kind of benchmarking via trade groups or other third parties in order to safeguard confidentiality.
5. **Comparable Industry Benchmarking:** Comparable industry refers to businesses that do not directly compete with one another for the same client. It contrasts items within a broad industrial category. As an example, consider how one firm that produces vehicle components compares itself to another that produces auto accessories.
6. **Strategic Benchmarking:** It is similar to process benchmarking in nature but differed in its scope and depth. It involves a systematic process by which a company seeks to improve its overall performance by examining long-term strategies. It involves comparing high-level aspects such as developing new products and services, core competencies, etc [5].
7. **Global Benchmarking:** It is a benchmarking technique used to bridge differences in global culture, business practices, and trade practices across organizations and to comprehend and apply their implications for business process improvement. The utilization of this kind of benchmarking is influenced by globalization and information technology advancements.

Merits and Demerits of Benchmarking Merits

The important merits of benchmarking are summarized as follows:

a. It increases customer satisfaction.
b. It leads to significant cost savings and improvements in products and services.
c. It helps in improving strategic planning by providing assessment of strengths and weaknesses of current process.

Demerits

a. It increases the diversity of information which must be monitored by management. This increases the potential for information overload.
b. It may reduce managerial motivation if they are compared with a better resourced rival.
c. There is a danger that confidentiality of data will be compromised.
d. It motivates managers to concentrate on boosting the effectiveness of their current company rather than creating new

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lines of business. Benchmarking, as someone well said, is the manager's haven when they are terrified of the future.

Successful benchmarking firms may find that they are later overloaded with requests for information form much less able firms whom they can learn little.

Comprehensive Analysis

While various methods discussed so far have their contributions in analyzing organizational strengths and weaknesses, they fail to produce a comprehensive picture. To overcome this limitation, a comprehensive analysis is required. This analysis uses two methods: key factor rating and balanced scorecard [6], [7].

Key Factor Rating

This approach takes into consideration the numerous elements that have been described in the section as having an impact on organizational functioning. It is a thorough strategy that may be used for financial aspects as well, but this is only one of many. We may offer questions that can be answered concerning the various functional domains and grade them if we take into account the many elements that have been discussed in the section under various heads of functional capabilities. Additionally, this approach has certain drawbacks. To start, because of its comprehensiveness, it could be difficult to apply. It will be a sluggish and ineffective strategy since it will need a variety of information from various organizational departments. Second, it is susceptible to the managers' subjective opinions when they award ratings. Lastly, there is a chance that review efforts will be repeated if this technique isn't adequately integrated with the yearly audit process that typically occurs in all businesses.

Balanced Scorecard

Professors Robert Kaplan and David Norton of Harvard University created a mechanism known as the balanced scorecard to organize an organization's performance indicators. The framework's goal is to "balance" financial metrics with other metrics that are crucial for comprehending organizational operations that result in sustained, long-term success. The balanced scorecard advises managers to monitor a select few critical metrics that together represent four dimensions: financial, customer, internal business process, and learning and growth to provide a comprehensive picture of the organization's success.

1. Financial Measures

Organizational effectiveness and profitability are reflected in financial indicators of performance. Financial ratios like return on assets, return on equity and return on investment are a few examples. Profits and stock price are two additional prevalent financial indicators. The important issue of "How do we look to shareholders?" is answered by such actions.

2. Customer Measures

It addresses the topic of maintaining consistent client satisfaction. Even though the situation may seem to be favorable at the moment, poor performance from this metric is a leading sign of future collapse.

3. Measure of Internal Business Process

It alludes to internal company procedures used in the production of consumer-satisfying goods. Those who are knowledgeable about these procedures should carefully create them. Mission-oriented procedures and support processes are essential for success. Then, specific benchmarks and criteria are established to evaluate their success.

4. Measure of Learning and Growth

It evaluates how the company is enhancing its capacity to innovate, develop, and learn to support success with crucial operations and processes described from an internal process viewpoint. This includes staff training and organizational culture. A thorough strategic management system is a balanced scorecard. However, as recommended by the balanced scorecard, this may be used to measure an organization's strengths and weaknesses by keeping track of the strengths and weaknesses in crucial performance categories.

Organizing organizational evaluation

The organizational evaluation may be organized using a variety of methodologies, much as the environmental appraisal is structured using an environmental danger and opportunity profile. For instance, Glueck suggests that the strategic advantage profile be prepared and that the organizational evaluation findings be presented in a condensed manner. Prepare an organizational capability profile as a method of evaluating a company's strengths and weaknesses in addressing the opportunities and dangers in the external environment, according to Rowe et al.

Preparing the Organizational Capability Profile

The organizational capacity profile is shown as a chart in the table, which displays a condensed OCP. The

strategists must objectively rank each functional capacity element and its subfactors on a scale ranging from -5 to +5 while methodically evaluating the numerous functional sectors. Each subfactor making up the various functional capacity factors may be evaluated in a thorough OCP that may span many pages. A summary OCP, as seen in the table, may be created in this way.

After the chart is complete, the strategists may evaluate an organization's relative strengths and weaknesses in each of the six functional areas and pinpoint any gaps that need to be addressed or openings that might be taken advantage of. An easy way to assess an organization's relative priorities, sensitivity to external influences, reasons supporting or endangering its survival, and overall capacity to compete in a particular industry is via the creation of an OCP [8], [9].

Preparing the Strategic Advantage Profile

It is feasible to create a clear chart of a strategic advantage profile based on the comprehensive information provided in the OCP. An SAP gives an overview of the main important sectors, some of which may be related to the company's future strategic position. In the table, we provide an example of an SAP created for a fictitious business in the cycling sector. The company's primary line of business is the production of sports cycles for both local and international markets. This example uses a fictitious corporation, yet the scenario is practical.

The SAP table's strengths and limitations in several functional areas are clearly shown. For instance, the business must make advantage of its operational and general management skills. If the business is to survive and thrive in a cutthroat sector like bicycle manufacturing, a void in the financial department must be filled. Although the competitive environment in marketing is now safe, it cannot be guaranteed that it will stay so in the future. According to the SAP, strategists may take the initiative to close gaps and use the company's advantages in light of environmental concerns and possibilities. Thinking about strategic options at the corporate and business levels and making a strategic decision will help determine the likely course of action to be taken for filling in the gaps and using the company's strengths in light of environmental risks and possibilities. [10]

CONCLUSION

We concentrated on an organization's internal environment in this unit. There are numerous aspects of the company's internal environment, but for strategic analysis, what the company can accomplish is most important. This entails examining the firm's resources and the way those resources interact to produce organizational capabilities. The potential for resources and skills to provide a long-term competitive advantage is of interest to us. The cornerstone for developing strategy is a systematic evaluation of an organization's resources, skills, and competencies. How can the business use its strength to its greatest advantage, for example? How can it reduce how susceptible it is to its flaws? May be resolved with the assistance of organizational evaluation. We spoke about the fundamental principle of prioritizing resources, which is supported by theories like RBV or RBT. We also learned how to develop organizational capability profiles and strategic advantage profiles using a variety of tools and methodologies, including VIRO, Value chain analysis, Ratio analysis, Benchmarking, and Balanced Scorecard.

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Understanding Industry Analysis and its Importance in Strategic Management

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ABSTRACT: The concept of industry analysis and how crucial it is to strategic management in firms. Industry analysis includes looking at factors including customer behavior, law, and rivalry in the external environment in which a corporation operates. The article explains how the GIC notion is used to evaluate a company's external environment and how industrial organization economics is a well-researched and widely recognized model in strategic management. The article argues that industry structure is the key factor impacting a firm's future and profitability. By identifying the external environmental factors, organizations may develop effective strategies to compete in, survive in, and expand in their specific markets.

KEYWORDS: Business, Environment, Management, Policy, Political.

INTRODUCTION

The relevance of internal elements, like resources, skills, and competences, in building a sustainable competitive advantage for a company was covered in the previous unit's discussion of the resource-based perspective approach. However, we have also learned from earlier courses on environment analysis and scanning that opportunities and problems might arise outside of the company. We will examine the importance of the external environment, particularly the microenvironment, or task environment, which consists of rivals, suppliers, purchasers, and other external entities, on the development of an organization's strategy in this unit.

a. **Critical success factor:** A task that must be completed for other tasks to succeed. The scope of the variables might include advancing the organization's purpose or realizing a key strategy or objective in the strategic plan.

b. **Distinctive Competence:** A skill that gives a business a competitive edge in the market is referred to as distinctive competence.

Key Success

a. **Factors:** The product attributes, competencies, competitive capabilities, and market achievements with a direct bearing on company profitability.
b. **Resource-Based View:** The perspective that above-average returns derive primarily from within the firm via valuable and rare resources and capabilities that are hard to imitate or substitute for.
c. **Resources:** inputs into a firm's production process may be tangible or intangible.
d. **Strength:** A skill, resource, or another advantage that a firm has relative to its competitors that is important to serving the needs of customers in its marketplace.
e. **Sustainable Competitive Advantage:** Competitive advantages that can be maintained over a fairly long period of time.
f. **Synergy:** the excess value created by businesses working together over the value those same units create when working independently

The strategic analysis of companies includes industry analysis. Essentially, industry analysis is examining the business environment in which firms conduct their operations. Along with a broad environment study, the strategy managers must also evaluate the industry. The GIC idea will be used to assess an organization's external environment. Industrial organization is interested in how markets and industries function in general as well as how businesses compete with one another in particular. Despite having microeconomic origins, the model or approach is also a well-researched and widely accepted paradigm in strategic management. One of the most often used frameworks for assessing environmental elements that may have an influence on a firm's performance is industrial organization economics. Industrial organization economics is mostly used since industry structure is

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the most important element affecting a firm's future and profitability [1]. The main reason for considering industrial organization as a separate subject is its emphasis on the study of the firm strategies that are characteristic of market interaction: price competition, product positioning, integrated marketing communication, R & D activities and so forth. The model highlights the significant role of the external environmental factors on a firm's strategic actions and future prospects.

Underlying Assumptions to the I/O Model

I/O Model has four underlying assumptions:

- **a.** It is presummated that the external environment will apply pressures and limits that will dictate the methods that will provide above-average profits.
- **b.** It is presumed that the majority of companies operating in a given market or industry segment hold resources that are similarly important from a strategic standpoint and that they use comparable business practices in light of those resources.
- **c.** It is presumpted that resources utilized to execute strategies move widely across enterprises. Any resource discrepancies that can arise between enterprises will pass quickly due to resource mobility.
- **d.** Based on their actions that maximize profits, it is presumed that organizational decision-makers are logical and devoted to working in the best interests of the company.

The I/O places a strong emphasis on how crucial small-scale environmental influences are to a firm's strategy. According to the methodology, businesses are compelled to operate in a certain market or sector due to its attractiveness as a task environment or market. Additionally, it explains how a business in a cutthroat industry may generate profits above average. Structure, conduct, and performance are the three main components of the classic industrial organization paradigm, which was created by Bain and Mason in the 1960s. By explaining the circumstances in which perfect competition prevails and launching competition-enhancing actions in the absence of such competition, this paradigm was initially meant to promote societal welfare.

Porter, on the other hand, altered the conventional Bain/Mason paradigm by concentrating on variables that may provide a competitive edge as opposed to variables that promote ideal competition. Porter flips the SCP-model on its head and focuses on how a single business may establish and maintain competitive advantage rather than how to foster perfect competition. Porter asserts that businesses should look for a sector with few rivals and work for monopolistic profit in that sector.

Industry

An "industry" is made up of a collection of businesses that "provide goods or services that are near equivalents for one another. The goods meet the same fundamental requirements of customers. An industry is a collection of businesses whose goods have so many characteristics that they are in direct competition for the same customers. In contrast, an industry is a collection of businesses that provide identical products or services to clients. For instance, "Kurkure," "Bingo," or "Lays Chips" are part of a "industry" because they meet Indian customers' demand for "mid-day hunger." Additionally, they are good alternatives to one another. [2].

Purpose of Industry Analysis

The business operations of a corporation are greatly influenced by the industry environment. A corporation must thus make sure that its strategy matches the environment of its industry. If it becomes very challenging or impossible to do, the business must change the climate of the industry to its benefit by implementing the right strategy. Without a thorough examination of the industrial environment, no business can expect successful strategy-making. Because of this, it is commonly accepted that thorough industry and competition study should come before developing a strong strategy. Information on the circumstances facing the sector is provided through industry analysis. Understanding the industrial environment's function is a good place to start when analyzing it. Understanding the competitive ties between groupings of businesses that compete for a certain market is the goal of researching the industrial environment or examining industry structure. An extensive review of the business environment is the first stage. Figure shows an illustration of this.

Thompson and Strickland provided the model that is most often used for industrial analysis. Seven forces form the basis of this paradigm. This approach offers a thorough understanding of the problems in a certain sector. Specifically, it emphasizes "dominant economic characteristics of an industry, sources of competitive pressures, strengths of the competitive forces in the industry, driving forces, market position

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of the competitors, strategic actions undertaken by competitors, the key success factors in the industry, and the overall attractiveness of the industry." [3], [4].

Thompson and Strickland's Seven Factors Model

The model for industry and competitive analysis proposed by Thompson and Strickland touches on all the relevant issues in an industry that need to be analyzed for assessing the overall industry situations. The seven factors of the Thompson and Strickland are as follows:

- **a.** Industry's dominant economic features.
- **b.** Main sources of competitive pressure and the strengths of the competitive forces.
- **c.** Driving forces.
- **d.** Market position of the rival companies.
- **e.** Competitor's strategic moves.
- **f.** Industry's key success factors.
- **g.** Industry's overall attractiveness and profitability prospects.

The competitive structure of the industry is shown by an examination of these variables. Let's go through each element individually. The knowledge gained from the examination of these variables would help a business better understand its surroundings and serve as the foundation for adapting its strategy to the changing circumstances of the industry and the forces of competition [5].

Dominant Economic Features of the Industry

An industry's economic features are important because their implications for strategy making are great. Economic features of an industry generally include:

- **a.** Market size
- **b.** Competitive rivalry among existing firms
- **c.** Growth rate of market
- **d.** Stage in life cycle
- **e.** Number of companies in industry
- **f.** Number of customers
- **g.** Extent of backward linkage or forward linkage
- **h.** Ease of entry into the industry
- **i.** Ease of exit from the industry
- **j.** Types of distribution channels
- **k.** Level of differentiation of competitors' products
- **l.** Technology/innovation
- **m.** Opportunities to realize economies of scale by the companies
- **n.** Capacity utilization
- **o.** Industry profitability

Understanding an industry's distinctive economic characteristics aids in understanding the kind of strategic movements that sector participants are likely to make as well as giving a comprehensive picture of how appealing the industry is.

Principal Competitive Pressures Sources

The origins of competitive pressures and the potencies of each competitive force are crucial elements of industry analysis. Managers are better able to create winning strategies when they are aware of the industry's competitive nature. For the investigation of competitive pressures and the potency of each force of competition, Thompson and his colleague recommended using Michael Porter's Five Forces Model. They believe that the five Porter-identified competing factors make up the overall competitive environment in an industry. Later in the course, we will go into more depth on Porter's Five Forces Model. [6], [7].

DISCUSSION

Economic features don't tell us much about how the environment could be altered as a result of recent industrial advancements. Due to significant pressures that constantly influence rivals, consumers, and suppliers, the sector experiences new advancements. These forces in the market are the primary causes of the many competitive situations that exist in an industry, making them the most potent change agents. The most common driving forces are:

- **a.** Changes in the long-term industry growth rate
- **b.** Growing globalization
- **c.** Emerging new Internet capabilities and applications
- **d.** Changes in who buys the product and how they use it
- **e.** Product innovation
- **f.** Technological change and manufacturing process innovation
- **g.** Marketing innovation
- **h.** Entry or exit of major firms
- **i.** Diffusion of technical know-how across more companies and more countries
- **j.** Changes in cost and efficiency
- **k.** Growing buyer preferences for differentiated products instead of a commodity product
- **l.** Regulatory influences and government policy changes
- **m.** Changing societal concerns, attitudes, and lifestyles

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The outcome of these driving factors, or whether they will make the industrial climate less or more appealing, has to be analyzed next. Because the driving factors may not all be pushing change in the same direction, evaluating the combined impact of the driving forces often necessitates examining the potential consequences of each component individually. For instance, two driving factors may be working to increase demand for the industry's product, while one might be trying to decrease it. Which driving factors are more potent will determine whether there is an increase or decrease in the overall demand for the sector. Managers must come to some judgments about the strategy changes that will be required to address the impact of the driving factors as the last phase of the driving forces study.

Lack of knowledge of how these factors influence the industry and the changes that result over the short term, i.e. one to three years, will negatively affect a manager's ability to design a strategy that is closely suited to changing circumstances. Although there may be numerous causes causing change in a given business, not all of them may be considered "driving forces." In order to discern the important changes from the small adjustments, managers must carefully assess the factors. Managers might use this to create solid strategies.

Market Position of Competitors

As it identifies the market positions of various competitors, the study of competitive forces aids in comprehending the overall competitive structure of an industry. If a management wishes to pinpoint the sources of competitive pressures and gauge their intensity, such analysis is necessary. A research of competitive firms' market positions is attempted. One method for revealing an industry participant's competitive position is strategic group analysis. It is particularly helpful when there are so many rivals in a market that it is impractical to thoroughly analyze each one. The goal of strategic group mapping is to identify the strategic group for a company's product. Let's get into more depth about the strategic group analysis idea.

Analysis of Strategic Groups

Understanding the kind of competition, the firm confronts will be a challenge for the strategic analyst. Specifically, on what basis is competition anticipated and who the most direct rivals are. With this knowledge, it is then able to evaluate how much a strategy is appropriate under the given competitive conditions.

The premise of the industry is not especially helpful, which is one issue here. An industry's borders may be quite hazy and may not clearly define where the competition is located. There may be a large number of businesses in a particular industry, each having its own interests and ways of competing. The foundation of rivalry between a single business and the industrial level has to be mapped out in some intermediary way. One way to provide this intermediate level of insight is via strategic group analysis. The goal is to categorize companies into more precise categories, with each category representing those with comparable strategic traits, tactics, or grounds for competition.[8].

The Value of Strategic Groups Maps

Strategic group maps are instructive in many ways. The most crucial step is determining which competitors are similarly positioned and, as a result, near competitors, and which competitors are far competitors. In general, the greater the cross-group competitive rivalry tends to be, the closer strategic groupings are to one another on the map. The businesses in the same strategic group are the closest competitors, while those in the directly adjacent groups are the next closest. Strategic group mapping has also taught us that not all spots on the map are equally desirable. Two factors contribute to certain jobs being more desirable than others:

a. Industry driving forces may favor some strategic groups and hurt others

b. Competitive pressures may cause the profit potential of different strategic groups to vary

A third advantage of creating strategic group maps is that it allows for the identification of market "white spaces" where the unmet consumer wants to exist. Finding a "blue ocean" or white space allows expansion-minded businesses the chance to investigate new market areas that could provide rapid development and financial success. While a competitive white space may provide more opportunity for industry leaders to develop, finding a blue ocean may be crucial for the survival of businesses who are floundering in the "red ocean" of a strategic group that is overcrowded. A "blue ocean" strategy aims to achieve a competitive edge by finding or creating a new market niche or sector that enables a business to develop and satisfy entirely new demand.

Strategic Moves of the Competitors

Strategic movements are the strategic activities or steps that a corporation takes. Every business must be

aware of the rivals' strategic movements. A careful examination of the rivals' movements may provide information about their strategic maneuvers. The analysis consists of:

- **a.** Identifying competitors' strategies
- **b.** Analyzing the strategies
- **c.** Watching the actions of the competitors
- **d.** Understanding their strengths and weaknesses, and
- **e.** Anticipating what moves they will make next.

Managers may choose the best countermoves after researching the strategic movements made by rivals. They may devise their own strategies to outwit the opposition. Without keeping track on a competitor's behaviors and anticipating their next movements, it is simply impossible to outperform them.

Managers of a business may learn more about the tactics of rivals by:

- **a.** Examining what rival businesses are doing in the market and keeping an eye on what their management is saying about their strategies
- **b.** Taking into account the regional market environment, strategic goal, market share target, and risk-taking propensity of rivals
- **c.** Analyzing previous movements made by rivals to determine if they are offensive or defensive
- **d.** Directly going to the offices of competitors to learn about pricing, wage and salary ranges, the launch of new items, etc.
- **e.** At trade displays, exhibits, and trade fairs, f. pumping rivals' representatives; g. rummaging through trash bins outside competitors' offices.

Industry's Key Success Factors

Every sector has certain characteristics that influence a product's marketability. These might include characteristics of the product, firm resources, competitive advantages, etc. These elements are referred to as "key success factors." A good plan contains crucial success aspects for the sector. They are necessary for success in the sector.

Because of this, the KSF must be closely monitored by all companies in the sector.

In general, key success variables differ from industry to business. Changes in the industry's competitive environment and driving factors are the key causes of the differences. This justifies the necessity for business managers to pay close attention to recognizing the main KSF and avoiding the lesser ones. [9], [10].

CONCLUSION

A company's strategy-makers must be able to respond to the question "Is the industry attractive and what its prospects for above average profitability are?" Strategists analyze the overall state of the industry to determine the relative attractiveness or unattractiveness of the sector in order to respond to this issue. They often consider the following elements when evaluating the attractiveness of an industry: Industry analysis gives insight into current industry conditions, allowing decision-makers to focus on strategic thinking and industry forecasting. Effective and practical strategy-making is facilitated by knowledge of the overall industry conditions. Managers may create a document with all the information about the competitive dynamics in the market based on the aforementioned assessments. An example format for recording the information in a document is shown below. Let's talk about two essential models for formulating strategies that emphasize the importance of internal and external environment study. The McKinsey/General Electric Matrix and the BCG Matrix. They are extensively utilized in marketing; therefore, you must have studied them there.

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An Overview of the Boston Consulting Group Matrix

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ABSTRACT: For businesses with several divisions or products, this strategy is especially helpful. The "business portfolio" of the corporation is made up of the divisions or goods. The company's expansion and performance may be directly impacted by the portfolio's structure. The BCG matrix takes into account two particular factors. On the vertical axis, the market growth rate is shown and given as a%. The range is established fairly randomly. The overhead displays a range of 0 to% with low and high growth separated by %. The vertical axis may be changed to provide an indicator that indicates where the boundary between low and high growth is at since inflation and/or Gross National Product have some influence on the range. Industries rising faster than inflation or the GNP would appear above the line, while those growing less quickly would be categorized as having low growth and appear below the line.

KEYWORDS: BCG Matrix, Business Analysis, Business Organization, Market Growth, Share Market.

INTRODUCTION

Market share relative is shown on the horizontal axis. The market's biggest rival is taken into consideration when calculating the share. Another artificial range and divide between high and low shares. Market leadership happens when the relative market share surpasses, according to the scale employed in the original work. According to the growth rate of the market, they are in and their proportional market share, the BCG matrix divides divisions or products into "Dogs," "Stars," "Cash Cows," and "Question Marks." Each department or item has a life cycle. Many begin as "question marks" and, if they are successful, go to the "stars" category. They may be classified as "cash cows" later on in the life cycle when the market growth rate slows, and towards the conclusion of their cycle, sales may entirely erode or SBUs may become "dogs" due to declining sales and market share. The four divisions or products of the BCG technique are displayed in the figure and further detailed below.

These are goods or companies that compete in fast-growing marketplaces with a small market share. A new product introduced into a sector with strong growth potential and an established market leader would often be viewed with suspicion. They may be a "cash sink" due to the setting of rapid expansion. Successful '?'s turn becomes stars. i.e., market leaders in sectors with rapid development. To continue development and to preserve the top position, investment is usually still necessary. Even while stars are usually just modestly lucrative, as they age and their development slows, returns become more alluring. The stars serve as the foundation for sustained development and financial success.

Strategic options for stars include:

a. Integration forward, backward and horizontal
b. Market penetration
c. Market development
d. Product development
e. Joint ventures CASH COWS

These are distinguished by substantial relative market shares in sectors with slow economic development. The requirement for investment declines as the market ages. The portfolio's most lucrative goods are called cash cows. Economies of scale that may be available with market leaders typically help the problem. The companies in the other three quadrants may be financed using cash cows. To keep a strong position for as long as feasible, there are several strategic possibilities:

a. Product development
b. Concentric diversification

If the position weakens as a result of loss of market share or market contraction, then options would include:

a. Retrenchment DOGS

These are used to characterize companies that operate in markets with modest growth. They could have been considered Cash Cows. Although some Dogs may be revived, they often benefit from management's mistaken devotion. At most, profitability is modest.

Strategic options would include:
a. Retrenchment
b. Liquidation
c. Divestment

Products that are successful may go from question mark to star to cash cow to dog. Products that are less successful and never achieve market dominance will go directly from the question mark to the dog. The BCG is an easy-to-use method for doing strategic analysis. For businesses with several products or divisions, it is practical. It emphasizes cash flow and may help with marketing and investment choices.

Limitations of the BCG Matrix

a. It might be challenging to define the market. It presupposes a direct connection between market share and profitability.
b. It is oversimplified to create four groups using high and low.
c. The growth rate is simply one factor in how appealing a sector is, and areas with rapid growth are not necessarily the most lucrative.
d. It solely takes into account the company or product about the biggest competitor. It doesn't consider the influence of little rivals whose market share is expanding quickly.
e. Market share is only one factor in the competitive landscape as a whole.
f. It disregards synergy and interdependence.
g. Because of this, businesses typically look for a balanced portfolio.
h. A monetary problem might result from an abundance of stars.
i. An excessive number of cash cows endangers future profitability
j. And having too many unanswered questions might harm current profitability.

Mckinsey / General Electric Matrix.

The matrix, which offers more flexibility than the BCG in terms of the factors that may be incorporated, can be thought of as a multifactor portfolio model. The matrix enables a corporation to evaluate how well organizational capabilities and product/service offers align. In order to facilitate the strategic planning process, it also presents the predicted placement of companies and products on the matrix. The BCG contains four cells, but the matrix has nine. The scores on the axis may be evaluated as low, medium, or high, as opposed to high and low for the BCG. According to this model, a company's ability and motivation to retain or grow its position in a market relies on the attractiveness of the industry, and the long-term profitability of each unit is affected by the unit's business strength.

The GE-McKinsey matrix allows for the inclusion of both internal and external aspects in the matrix creation, which is comparable to the more widely used and well-known SWOT analysis. While the external variables that are outside of the company's control make up the industry's attractiveness, the competitive position or business strength represents the internal capabilities that are within its control. The company or product may also be examined using this portfolio model in terms of customer and organizational value dimensions.

The GE McKinsey or Attractiveness

The strength matrix is important primarily for assigning priorities for investment in the various businesses of the firm, it is a guide for resource allocation and does not deal with cash flow balance, as does the BCG.

1. The three cells at the upper left of the matrix, which are typically green, are the most desirable to operate in and call for an investment in growth strategy.
2. The administration of firms in this category should be more careful, with a higher focus being put on selective investment and income retention. The three cells running diagonally from left to right have a medium attraction, are tinted yellow, and should be managed more cautiously.
3. Management should adopt a strategy of harvesting and/or divesting until the relative strengths can be enhanced since the three cells in the bottom right-hand corner are the least desirable and are thus colored red.

Analysis of Competition in an Industry: Five Forces Model

The Five Forces study is a great tool for analyzing how competitive forces affect an industry in a strategic study so you may change or modify the competitive environment. The Five Forces as a whole influence an industry's attractiveness, its potential for financial gain, and how simple and appealing it is to move between different strategic positions. This makes the research valuable for businesses considering entrance into or withdrawal from the industry as well as for identifying the main dangers and opportunities in that market. This study was first created by Harvard professor and renowned strategist Michael Porter. In addition to the general socioeconomic environment that all businesses operate in, which consists of legal,

social, environmental, and economic elements, businesses also operate in a more direct competitive environment. [1], [2].

The organization of this competitive environment helps uncover chances to position a business advantageously within an industry and influences the general attractiveness of the sector. Porter outlined five key factors that shape the market environment for businesses: Porter claims that effective managers really "enact" or shape the competitive environment of the firm rather than just reacting to it. An industry's attractiveness, potential profitability, and competitive dynamics, for instance, may be directly impacted by a firm's introduction of replacement goods or services, which may significantly affect the competitive environment.

Identify the industry's rivals first. Strong regional competitors; large new domestic companies exploring new markets; small domestic firms, particularly those that try to secure their position in small niches or are able to access a cheap labor force on a large scale; overseas firms, especially those that are able to do so; and newer entrants, such as companies offering their products online. With the global lowering of international trade barriers in recent years, the rise in competition from other nations has been particularly substantial.

Following the identification of rivals, the following stage is to assess the level of competition within the sector. The simple quantity of businesses within a certain industry is one of the important factors. If all else is equal, industry competition increases with the number of companies. It is alluring to assert that two strong firms in a duopoly industry have "high rivalry." However, compared to the alternative of numerous businesses competing, duopolies are far less competitive and often much more lucrative. The likelihood of cooperation between rivals and the motivation to "fight" are two more factors to be taken into account. We think about each in turn. [3].

If established players have little incentive to engage in aggressive price behavior, competition will be less heated. Several factors work against this trend. For instance, significant market expansion within a sector reduces the motivation to compete, particularly if businesses are capacity restricted. Similar to how businesses might avoid direct rivalry if there are chances to distinguish their goods. Another significant reason may be the industry's cyclical nature of demand. Industries whose demand fluctuates either seasonally or with the economic cycle sometimes experience overcapacity during lean periods. To utilize their spare capacity during these periods, businesses have strong incentives to reduce prices.

Competitors may be able to coordinate in a way that lessens the temptation to participate in aggressive price lowering. Firms may openly coordinate price and/or production in extreme cases. The oil-producing countries that makeup OPEC work together to try to keep the price of oil under control. Such overt collaboration is prohibited as an antitrust violation in the majority of advanced economies. However, there are sometimes elements that help with covert cooperation. [4], [5].

The threat of New Entrants

There are three main categories of considerations when assessing whether new entrants are likely to enter an industry. In particular, potential entrants are less likely to enter if:

1. The entry has large sunk costs. Once an investment has been made, it cannot be undone. Although it is true that sunk costs should not be taken into account once they have been invested, ex ante the probability of sunk costs raising the riskiness of an investment and hence raising the entry barrier for an industry. High entry barriers are not always created by high capital costs alone. There is a case to be made that a company should be permitted to obtain money from financial institutions if the future cash flows accruing to entrants are desirable.

2. Established players enjoy a competitive advantage: Potential competitors may find it unprofitable to participate if they are at a competitive disadvantage versus established players. Legal obstacles like patents and licensing are examples of possible entrance barriers of this sort. Brand value has the potential to be an extremely high entrance barrier. Pre-commitment contracts, for instance, that provide access to distribution networks that lock in incumbent corporations and keep out prospective competitors, might be another hurdle. Last but not least, the existence of economies of scale and/or learning curves might restrict possible new entrants from entering. Large, established businesses benefit from economies of scale, which makes it harder for new competitors to provide lower prices. Learning curves may also be a substantial entrance barrier as new competitors strive to catch up to established businesses.

3. Entrant confronts retaliation: Potential entrants are less inclined to enter if incumbents' strategic, often pricing-related actions might drive them out of business. However, such violent action must be believable. For instance, incumbents are motivated to

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lower prices in response to new competitors if they have spare capacity. They are able to do this because they have excess capacity and can readily satisfy any rise in demand. Another example would be the existence of high departure costs. Exit costs are sums of money needed to stop business activities in a sector. Environmental responsibilities for cleaning up a contaminated plant may be one of them, as well as commitments to health and retirement benefit programs. [6], [7].

Threat of Substitutes

Among the ways that businesses might create alternatives to current items are technological advancements and economic efficiency. Companies need to consider prospective replacements that could be feasible in the near future in addition to the danger of the present substitutes. The primary factor to take into account is the substitute's cross-price elasticity. The percentage change in demand for one item in response to a 1% change in the price of another good is known as the cross-price elasticity. For instance, a 1% increase in coffee prices would probably result in a significant rise in tea demand. As substantial replacements with strong cross-price elasticity, coffee and tea are elastic in this sense. The cross-price elasticity of items might fluctuate over time, so be mindful of this.

Whether there are significant switching costs across goods is a last factor to take into account. The price paid to move to a different product is known as a switching cost. The switching costs for butter and margarine are minimal, if not nothing. On the other side, if you don't know how to drive a vehicle, renting a car is far more expensive than using public transit.

Purchasing Influence of Suppliers

Businesses are at a disadvantage if they rely too much on a single strong supplier. If an industry's businesses have few alternative sources of supply or if suppliers have several other customers, suppliers are influential. The size of the negotiating power is determined by small numbers. The presence of switching costs—in this example, fixed expenditures businesses face when switching suppliers—increases this power. The enterprises in a given industry, on the other hand, have power if they have a variety of other sources of supply or if they pose a real danger of reversing their integration to create their own sources of supply. It should come as no surprise that supply chain management is crucial in sectors where suppliers have significant bargaining power. The accessibility of trustworthy supplier information is a last factor. Having well known knowledge about supplier pricing is advantageous to an industry. If vendors find it difficult to differentiate prices and hence cannot readily segment the market, the industry will benefit even more.

Bargaining Power of Buyers

Once again, numerical data is used to estimate negotiating power. For instance, when businesses only have a few customers, those customers may have more options and engage in competitive behavior by soliciting many offers and negotiating the best conditions. When consumers are in a position of power, they may demand better products, more specialized requirements, cheaper costs, and better service.

This trade also involves switching costs. While distribution networks may benefit businesses, they may also become a significant barrier between them and their end customers if they are difficult for businesses to manage or change. Information asymmetries are also important. However, unlike suppliers, the industry benefits from less information being public since it may utilize this advantage to foil efforts to play businesses off of one another and may even be able to price discriminate amongst purchasers. [8].

Limitations of Five Force Model

The Porter's Model is a poor choice for industry analysis. It can only be used to evaluate the level of industry competitiveness. It cannot examine elements like the important economic variables affecting the sector that are important for management strategy-making. Additionally, it fails to pinpoint the key factors that are causing the changing business circumstances. With this approach, it is also challenging to evaluate competitors' competitive positions, their expected strategic movements, and the overall attractiveness of the sector.

DISCUSSION

Competitive marketing tactics work best when they either pit a company's advantages against those of rivals, or when they take positions that don't put rivals at risk. Therefore, they demand that the strategist be as informed about the strengths and weaknesses of rivals as they are about the demands of consumers or the firm's own capabilities.

Analysis of competition is meant to achieve three main purposes:

a. To forecast competitors' future strategies and decisions.
b. To predict competitor's likely reactions to a firm's strategy and competitive initiatives.
c. To determine how competitive behavior can be influenced to the benefit of the initiating firm.

Identifying Competitors

It is not always as simple to identify rivals for analysis. There are potential two complementary strategies. The first is based on demand and consists of businesses that meet the same set of client requirements. The second strategy is supply-side oriented and looks for companies whose technology, resource base, operations, and other characteristics are comparable to those of the focus business. But the company has to be aware of rivals not only in the now, but also in the far future. The company must also pay attention to the following three areas in order to identify the origins and kinds of direct and indirect rivals. These domains stand for the spheres of influence, the surrounding region, and the interest regions.

a. The region, market, business, or sector in which the company is in direct competition with other companies to meet the same consumer demands by employing the same resources is the area of influence. It serves as the venue for competition amongst Mahindra, Maruti, Hyundai, and Honda. These are a company's main rivals.

b. Immediately adjacent regions are those where there is close but indirect rivalry between businesses that use different resources to meet the identical needs of their clients. Snack foods, packaging, and other food goods fall under this category. Even though they may use different distribution methods, they could fulfill the same goal. These are a company's covert rivals.

c. Businesses in areas of interest are those that, although they do not now service the same clientele, have the same resource base, or, to put it another way, have capability equivalence—the capacity to meet comparable client requirements.

Competition to a firm comes in different ways, it may be through substitute products or direct competition from existing competing brands. Kotler, identifies four levels of competition based on the degree of product substitution:

a. **Brand competition:** That is competition from similar brands to the firm's directly positioned against the firm's brand, e.g. Toyota Corolla Vs Nissan Sunny, Mercedes vs. BMW.
b. **Industry Competition:** Competition broadly defined as composed of all other firms in the industry producing the same product class e.g. FMCG Industry.
c. **Form Competition:** An even broader definition of competition viewed as all those firms producing products fulfilling the same need e.g., passenger transport - competition between ETs, buses, planes etc.
d. **Generic Competition:** Defined from the broadest possible view i.e., competing against all the firms fighting for the same dollar of the consumer.

In units gives a basic grasp of the industry, its makeup, allure, and importance in developing strategies. Industry attractiveness and a company's internal resources and competencies both affect the profitability of the company. Businesses in the same sector may vary in a number of ways, such as the size of their market, the caliber of their goods or services, their geographic reach, the degree of vertical integration they have, or their focus on profit. Therefore, based on any of these criteria and taking into account their comparable business environments and business strategies, firms in a given sector might be divided into a variety of strategic groupings. We went into great length regarding strategic group mapping in this course.

We learnt from our last discussion of competitor analysis that competitive dynamics in an industry are seldom static. Through the dynamic competitive movements of numerous rivals, the dynamics of competition might change the industry structure. [9]. Various strategic options are generated by environmental scanning and organizational analysis and are presented to a company for acceptance. The wide range of available tactics will mostly depend on how effectively an organization understands its

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strengths and limitations as well as the possibilities and challenges the outside world brings.
At the corporate, company, and functional levels, the strategies might be developed. Therefore, a corporation may objectively consider three level strategic possibilities. For the purpose of choosing options for execution, a business must exercise three degrees of choice. The business level strategies are the main topic of this unit. Stability, expansion, retrenchment, and combination strategies are included in the framework of generic strategies. The stability strategies, expansion strategies involving concentration, integration, diversification, cooperation, and internationalization, retrenchment strategies involving turnaround, divestment, and liquidation, and combination strategies will all be covered in the sections that follow.

Generic Strategies

The corporate level generic strategy have to do with choosing the industries that the organization will operate in. They control the strategy that a business uses to achieve its goals. A company may be a simple, one-business operation or it may be a large, complicated, diversified operation with a number of enterprises. In all cases, the corporate strategy is closely tied to the overall direction of the business. For a small business, it may determine the course of action that would increase profits. The corporate strategy for a big company refers to managing the many companies to optimize their contribution to the achievement of overarching corporate goals. Alternative paths of action might be thought of in one of four general ways, according to Glueck: stability, expansion, retrenchment, or combination. On sometimes, the term "grand strategy" is used to refer to these broad tactics. When developing their corporate strategy, business companies research the general strategy possibilities since only through this process can they determine the precise route most conducive to achieving the chosen development aim?
Corporate strategy is anxious about two main issues:

a. What business domains a company be engaged in so as to make its long-term profit as large as possible?
b. What strategies should it apply to become involved in and withdraw from business domains?

Corporate strategies are essentially commitments to allocating resources to different businesses within a company, reallocating resources from one class of businesses to another, and managing a variety of investments in order to successfully achieve the broad corporate objectives. A business definition study makes it possible for a firm to consider a variety of strategic options carefully.

Stability Strategy

Stability is the most advantageous approach to be used when a firm thinks that it must continue in the present business and is doing quite well in that business but lacks significant room for expansion.
Jauch and Glueck defined a stability strategy as a strategy that a firm proceeds along when:

1. It continues to provide consumers with the same, or similar, products, services, markets, and functional areas as specified in its business description.
2. Its core strategy choices emphasize functional execution improvement that results in little change.

The stability strategy is not a ‘no-action strategy’. Improvements bringing small are involved. Long-term stability strategy also makes necessary reinvestment, R& D and innovation. However, the business definition remains unchanged.

Expansion Strategy

An expansion strategy is a strategy that a firm follows when:

1. It adds markets or functions to the scope of its company or provides services to the public in new product or service areas.
2. It focuses its strategic efforts on accelerating activities within the confines of its current business definition.

The company must be defined differently for this approach, either by expanding its range of activities or by significantly boosting its current efforts.
Adopting an expansion plan may result in the addition of additional goods, markets, or functions. Numerous businesses speed up their operations even without changing their company concept. Expansion strategy is often thought of as a 'entrepreneurial' approach whereby businesses create and introduce new goods, enter new markets, or penetrate existing ones to gain market share. Expansion is often thought of as a means of enhancing execution. The primary strategists must be able to discern between desired and unwanted expansions.

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Retrenchment Strategy

Retrenchment strategy may require a company to redefine its business and may include selling off a significant product line or an SBU, leaving a number of markets, or reducing its functions. Retrenchment in pace may need layoffs, a reduction in R&D or marketing or other expenses, an increase in receivables collection, etc. A firm's performance may improve if efforts are made to redefine the company differently and slow down activity. Retrenchment and growth often go hand in hand. Retrenchment, however, is perhaps the least popular generic technique when used alone.

Retrenchment strategy calls for a whole or partial disengagement from a firm's business's goods, markets, or activities. Retrenchment plan is often followed during a business's downturn when it is seen possible to return the company to profitability. If there is no chance of recovering profitability, sell market share, cut costs, and consider carefully selling off assets. Retrenchment is especially used as a crisis management approach. Pace retrenchment will be advantageous for mild crises, partial divestiture may be unavoidable for intermediate crises, and liquidation is the sole course of action for catastrophic crises.

Combination Strategy

A company is said to be pursuing the combination generic strategy when it combines stability, growth, and retrenchment either simultaneously or sequentially to improve its performance. Combination strategies are when the strategists purposefully use distinct general strategies to diverse areas of the company or to various future timeframes. A company may seek stability in certain companies while expanding in others, or stability in some businesses while cutting down on staff. These are the justifications for adopting a variety of strategies at the same time. In addition, a business may aim for stability, growth, and job cuts across the board. When considering goods, markets, and functions and making a decision by changing the speed or the business definition, there are additional opportunities for time-phased combinations. A paints firm may use combination tactics, for instance, by expanding its selection of ornamental paints to provide clients more options, expanding its product line to include industrial and automotive paints, and closing the paint-contracting section.

No-Change Strategy

The stability strategy makes a conscious choice to "do nothing new," rather than taking a passive approach. The company keeps using its present business definition. Although it would seem that there is no plan here, there is a strategy here. If a company determines that the external environment is rather fixed, it may decide to stick with its current strategy. The company decides it is wise to avoid making any significant changes to the current strategy since there are either no obvious opportunities or threats in the environment or no extra significant strengths and weaknesses inside the business.

Profit Strategy

The business climate may not be as stable as a corporation would believe. A company organization must be active and cannot continue with a no-change approach. When a company's profitability is threatened, the stability strategy can be designed to increase profits through methods like providing current operations with intellectual benefit using tools like decreasing investment, reducing costs, boosting productivity, and raising prices to overcome temporary difficulties. This can be a strategy to maintain profitability for a little length of time while remaining at a low point.

Pause Proceed Caution

The stability approach may alternatively be seen as 'to remain for a while' or 'to proceed- with wary ways of access. This strategy is used by businesses who want to consider all options before committing to a full generic strategy. When an interim phase of consolidation is deemed necessary before starting a significant growth spree, this strategy is unavoidable. The goal is to make sure that structural changes are made when needed, that organizational processes adjust to accommodate new strategies, and that strategic changes filter down through the organizational levels. Therefore, the pause/proceed with awareness technique is also a short-term intentional and purposeful attempt to delay big strategic adjustments until a more favorable moment. This approach is used by Liberty Shoes and Bata India in the Indian shoe market [10].

CONCLUSION

In one or more of a firm's businesses in terms of goods, markets, or functions concentration allocates resources to a single goal in a manner that leads to growth. Diverse concentration techniques include

intensification, focus, and specialization. Peters and Waterman promoted what they termed a "stick to the knitting" criterion for successful businesses. In other words, concentration techniques are "stick to the knitting" techniques. Better businesses focus on doing what they know they can do really well. With the use of seasoned technology, concentration tactics spend resources on a product line for a certain market.

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An Analysis of the Market Penetration

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***ABSTRACT:** As a deliberate strategy, market penetration involves gaining market share via improving quality or productivity and marketing agility. For the long-term goal of acquiring a position of authority in market share, this is desired. However, the market's realities and rivals' relative positions determine how comfortable a corporation may be with a market penetration plan. Because the absolute level of sales of the established companies may still be increasing in a growing market, it may be relatively easy for new competitors or smaller companies to gain market share. In some cases, however, those companies may not be able or willing to meet the increased demand.*

***KEYWORDS:** Advertising, Brand loyalty, Consumer Behavior, Distribution Channels, Market Analysis, Market Growth*

INTRODUCTION

Market penetration may be substantially more difficult to attain in stagnant markets. Due to the market leader's superior cost structure, which prevents rivals with lesser market shares from entering unexpectedly, market penetration is still more difficult in established markets. Market leaders may, however, allow smaller-share rivals to acquire a market share or establish a reputation in a market sector that is unattractive to the market leader from whence it enters the larger market due to their self-satisfaction with their current market position. Sometimes working together with others may help a business gain market share, particularly in developing areas. Market penetration is advised in deteriorating markets to the point when other businesses leave the market. If they do, a corporation may find it relatively easy to increase its share of that market.

Market Development

Market development draws attention to an organization's attempts to protect the exclusive nature of its present goods while foraying into uncharted territory. It entails expanding into new geographical areas, advocating new applications for the product, and entering new market categories. In capital-intensive sectors, a firm with specialized assets can have its unique competency with the product rather than the market, therefore continuing to exploit the product via market expansion would be the desired course of action. The majority of capital goods corporations have grown in this fashion by expanding into new international markets when their existing ones become saturated. A strategy for expanding markets is exporting. The decision to go beyond exporting and internationalize by relocating part of its production, distribution, or marketing activities abroad may be motivated by several factors.

Product Development

Product development is the process of creating new, superior goods to replace obsolete ones. While creating novel items or creating more current ones, the corporation maintains the flexibility of its present markets. One business that relies on product development to generate continuing waves of customer demand is the wet shaving sector. For instance, Gillette considerably boosted its market share in 1989 with the release of its revolutionary Sensor shaving technology. In response, Wilkinson Sword offered its own take on the item. There may be a number of reasons why businesses choose product development. For product distinctiveness and building market share, product development is crucial. For instance, Tide has undergone more than fifty distinct formulation changes over the previous forty years to improve its performance. Each year, a new Tide product is released. [1].

Integration

Integrating relevant activities with current business operations on the basis of the value chain is the focus of integration. A value chain is a series of related tasks that an organization completes, starting with the acquisition of essential raw materials and ending with the selling of finished goods to the target market. Therefore, integration is a growth strategy that results in a wider range of operations for the company.

Horizontal Integration

When businesses vertically integrate, they often move quickly backward or ahead, resulting in a seamless

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integration. A forward integration relates to actions changing the nature of the distribution of the firm's output, whilst a backward integration is related to tactics impacting the supply of a firm's inputs. When a business transmits all of its product via its own operations or generates all of a certain input needed for its processes, it has achieved full integration. However, a company may choose partial vertical integration if it does not completely integrate. Taper integration and quasi-integration are two such partial vertical integration solutions. Taper integration happens when a business purchases goods from independent vendors in addition to its own vendors or sells its product via independent vendors in addition to its own vendors. Businesses use so-called integration techniques when they purchase the majority of their requirements from other businesses in which they have ownership stakes. Examples of apparently integrated practices include support industrial units and subcontracting outsourcing. [2].

Horizontal Integration

An organization is considered to use a horizontal integration strategy when it adopts the same kinds of goods, markets, or functions. For instance, horizontal integration or merger occurs when one leather shoe manufacturer acquires another leather shoe manufacturer. The goal of a horizontal integration plan is often to increase market share, take advantage of economies of scale, or expand geographically by purchasing a competitor's company. For instance, Neyveli Ceramics and Refractories Ltd. was acquired by Spartek Ceramics India Ltd. in the early 1990s, and the company eventually became the biggest producer of ceramic tiles in the nation.

The primary benefit of a horizontal integration strategy is that the acquiring company significantly grows its operations, achieving greater market share, upgrading economies of scale, and improving capital utilization efficiency with only slightly increased risk. This is because the expansion's success is primarily determined by seasoned abilities. [3], [4]. Similar to concentration techniques, horizontal integration carries a risk since the company commits to acquiring more firms created to cater to the same consumer groups and demands. If the integrated firm's product fails to meet expectations or becomes out of date, the company is at considerable danger. These factors cause many businesses to diversify in order to lower risk.

Diversification

Understanding diversification involves finding developmental paths along which the company simultaneously moves away from its current goods and markets. It is really a collection of strategies that include all the strategic alternatives' aspects, including internal and external, related and unrelated, horizontal and vertical, and active and passive diversification. Concentric and conglomerate diversification are the two main categories used to describe diversification.

Concentric or Related Diversification

Concentric diversification is the practice of a company engaging in activities relevant to its present business definition concerning a particular client group, customer-related operations, or optional technology. Three forms of concentrated diversification are possible:

Market- Related Concentric Diversification

It is market-related concentric diversification when a corporation uses unrelated technologies to provide a comparable sort of product. For instance, a firm that sells sewing machines expands into the sale of kitchenware and home appliances via a network of retail locations. [5], [6].

Technology- Related Concentric Diversification

When a company offers a new type of product or service with the help of related technology, it is technology- related concentric diversification. For example,

Marketing and Technology- Related Concentric Diversification

Concentric diversification in marketing and technology occurs when a business offers a comparable kind of product or service with the use of related technologies. For instance, a maker of raincoats may start selling rubber gloves or waterproof shoes via the same retail locations.

Conglomerate diversification or unrelated diversification

Conglomerates are companies in which there is no discernible strategic alignment between the operations of its component firms. There are no connections between the new companies or goods and the current businesses or products in conglomerate diversification. Diversification has absolutely nothing to do with it, and the danger to the firm's current position is completely unrelated. As an example of conglomerate diversification, Ponds India, a major

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company in the personal care industry, joined the leather, thermometer, and mushroom industries in the late 1970s and early 1980s. These industries were completely unrelated to the company's existing activities. The fact that conglomerates have a tiny central office in charge of funding and controlling duties in addition to acquisition, analysis, and execution is a major attribute of these businesses.

The prosperity of businesses like Textron, Textron, Litton Industries, and Ling Temco Vought lends significant credence to the conglomerate model. Apart from the financial synergy that may be generated by the acquisition of firms with underutilized assets, loan capacity, complementary cash flows, and the like, enterprises pursuing a conglomerate strategy did not try to achieve synergy or strategic fit amongst businesses. Concentric diversification emphasizes sharing of features in markets, goods, or technology, while profit concerns are the primary driver of conglomerate acquisitions. This is the major differential between concentric and conglomerate diversification.

Mergers

A merger is the joining of two or more businesses, in which one business acquires the assets and liabilities of the other business in exchange for money or stock, or in which both businesses are dissolved, their assets and liabilities are combined, and new stock is formed. It is an acquisition for the acquiring company and a merger for the acquired firm. Consolidation occurs when one organization replaces the other and both companies go out of business.

Takeovers or Acquisitions

Acquiring a product or market position quickly is made possible via acquisition. Under certain strategic and financial circumstances, acquisitions could be a particularly alluring method of company expansion. Coming into an industry through acquisition can avoid the competitive reactions that can come with trying to break into it through internal development. Rather than intensifying the competition by introducing a new player, the potential competition is acquired. Acquisitions may quickly acquire a market position in other sectors where competitive advantage hinges on assets built over long periods and might potentially be unmanageable to expand domestically. For instance, Sony, a Japanese electronics business, has gained market share by purchasing Columbia Pictures and CBS Records. It seems that a lot of purchases don't provide value.

Joint Ventures

Joint ventures are a simple and economical way to increase your competitive potential. Joint ventures improve partners' competitive capabilities and readiness to create new goods, reduce costs, implement cutting-edge technology, enter new markets, and avoid competition. Joint ventures may be the only way to get market access in areas where inbound investment is limited. Participants in joint ventures are transparent about their ownership stakes. Although holdings may range greatly in size, success often requires clearly defining the limits of management decision-making authority. Joint ventures are a unique kind of consolidation when two or more companies form a temporary collaboration to achieve a certain goal. For instance, DSP financial consultants and Merrill Lynch, one of the last firms in the US to provide money management and investment banking, formed a joint venture in the financial industry.

DISCUSSION

Joint ventures may be useful to acquire an approach to an additional business, especially if an operation is not economically feasible for an enterprise to carry out alone; the situation involving financial loss business is thought appropriate to be distributed and made smaller for the participating firms; the unique competencies of two or more organizations can be brought together; and setting up an organization needs to overcome such obstacles as tariffs, import quotas, cultural roadblocks, etc. Joint ventures are a results-driven method for splitting development expenses, dispersing risks, and using knowledge to maximize resource utilization.

Strategic Alliances

A company and others form temporary alliances for joint action and agreements for collaboration as part of a strategic alliance to accomplish predetermined strategic objectives. Although joint ventures may be thought of as a specific kind of alliance, the phrase is now more often used to refer to other cooperative arrangements where shareholding may or may not be included. They have been developed specifically in certain areas where the expense of creating new business models, investing in technology, and the like has shown to be beyond the financial capabilities of the individual organization. In part as a strategy to reach these markets, Japanese enterprises have implemented strategic alliance and alliance cooperation agreements with European and North American firms. These partnerships have been

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acknowledged as crucial methods for developing a global perspective in the so-called Triad markets. [7], [8].

With the aid of an alliance strategy, corporations have been able to quickly gain access to markets, exchange technologies, form defensive shareholding blocs, enter third markets alongside other partners, and engage in technological, production, and similar endeavors that would have otherwise been prohibitively expensive. They have the advantage of being more easily created and dissolved than joint ventures, and by joining many alliances, businesses may reduce risk and expenses. Despite the apparent benefits, a number of businesses have really questioned their value in terms of technology ownership, a competitive cost advantage, and a commanding market position. It has been noted that for such topics of interest, potential technical skill depreciation, opening up markets to competitors, and organizational and cultural conflicts may possibly outweigh any advantages. As a consequence, a certain percentage of these coalitions may be regarded as failures.

For an alliance to succeed, selecting the right partner is very important. A selection procedure comprising analysis should center on the fundamental strategic fit of the plan with the organizational culture. The actions and experiences of one partner should complement those of the other in order to contribute total value in order to achieve a fundamental strategic fit between alliance partners. Strategic partnerships should be a key component of the partners' overall strategy. Thus, it is essential to foresee the harmony and complementarities of partners' business plans, as well as strategic objectives, market-related strategies, technology-related strategies, the typical timeline for completing objectives, and a sufficient and well-defined commitment of resources.

Due to the parties' organizations' varied cultures, several partnerships have failed. This has been particularly true in practice when people are from different cultural backgrounds, like Western Europe and Japan. Despite the fact that this is a major factor in alliance breakup, Western firms in particular pay little attention to the managerial and cultural approaches of partners from other countries. Therefore, it is essential to do a cultural analysis of the partners to ensure that a good match is achievable before making irreversible decisions.

Internationalization

International strategies are a subset of growth plans that call for businesses to promote their goods and services outside of their home countries. A company would need to study the global environment, appraise its own capabilities, and develop plans to enter overseas markets in order to achieve this goal.

Many businesses develop new markets in other nations to enter international markets when they experience slower local market growth rates or a constrained domestic market. The main driver of Japanese growth has been this. Firms must identify and consider a critical mass of GNP, population growth, and competition activity in the overseas markets before doing additional research into the global markets. Sometimes businesses may introduce new items to markets abroad more quickly than at home. Pharmacies with U.S. headquarters often do this.

On occasion, businesses may find that manufacturing locally rather than exporting to a certain nation might be more lucrative. For instance, if a certain amount of "domestic-content" output is being produced in a nation, the government may impose a quota on imports into that country. Such protective regulations are designed to act as a trade barrier. As a result, businesses make an effort to set up production facilities and marketing networks in each important nation where they do business. However, several nations provide incentives to build manufacturing operations within their borders.

For the same reason, suppliers often build new facilities in nations near where their clients are based. Japanese automakers opened factories in the United States The availability of raw materials or technological advancements may also be considered when deciding where to locate industrial facilities. For instance, Canadian businesses have invested in emerging nations where major new mineral reserves or other resources have been sought after.

The fact that advancing toward foreign markets is often an incremental process is a significant phenomenon. The majority of businesses begin their global operations by exporting, which requires very little investment and risk. The company may then engage in a collaborative marketing initiative with a foreign local serving as its agent. The company may decide to expand its operations after a foreign presence is established. At this stage, expansion might take the form of additional investments in nearby manufacturing facilities, the creation of specialized goods, or direct international market ventures. Bartlett and Ghoshal described four kinds of internationalization strategies:

i. International strategy,
ii. Multi-domestic strategy,

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iii. Global strategy, and
iv. Transnational strategy.

International Strategy

Businesses use an international strategy to create value by bringing highly valuable talents and goods to markets abroad where indigenous rivals lack such skills and products. The majority of multinational corporations, including Coke, McDonald's, IBM, Kellogg, Proctor & Gamble Microsoft, and several other companies have generated value by bringing distinctive goods developed domestically to new markets overseas. These businesses domestically concentrate on product development activities.
According to Hill & Jones, a corporation should pursue an international strategy if it has a valuable competitive advantage over local rivals in a foreign market and is under relatively little pressure to increase local responsiveness and save costs. An international strategy may be quite helpful in these situations.

Multi-domestic strategy

When businesses strive to respond as quickly and positively as possible to domestic needs and make significant product modifications in response to local demands, they are pursuing a multi-domestic strategy. They do this by tailoring their goods and services to the various national conditions prevalent in the nations where they conduct business. Additionally, they establish a wide variety of value-creating operations, including manufacturing, marketing, and R&D, in each significant national market where they do business. This method is undesirable in sectors with significant cost constraints since they often produce at a high cost because they are unable to capitalize on experience curve effects and location economies.

Global Strategy

Companies pursuing a global strategy focus specifically on a low-cost strategy for increasing profitability by using the advantages of geographic economies and experience-curve effects. Their operations are concentrated in a few advantageous areas for manufacturing, marketing, and R&D. Global corporations seek to advertise a standardized product globally in order to reap the most advantages from the experience curve rather than altering their goods to suit local consumers and marketing strategies to local circumstances.

Transnational Strategy

When a combined approach is used that simultaneously prioritizes high local responsiveness and cheap costs for their goods and services, businesses pursue a transnational strategy. In the current environment, the level of competition is so high that companies must fully utilize experience-based cost economies and location economies, transfer distinctive competencies within the company, and pay attention to pressures for local responsiveness in order to survive and benefit from the global marketplace.
The process of achieving these two opposing goals is rather onerous. This encourages the management of product manufacturing and service marketing to take a creative approach. In a world of competition, pursuing a multinational strategy may be the only realistic course of action. Today's international corporations allow for the development of unique skills throughout the whole company's global business operations, not only in the home country. The sole option for a multinational corporation with subsidiaries in developing nations should not be a flow of talents and product offerings from the parent company in a wealthy nation. Instead, the flow should comprise a two-way process going from a foreign subsidiary to a multinational corporation and vice versa. 'Global learning' is the term used to describe this process. Companies that follow a global strategy aim to gain low cost and differentiated advantages at the same time. This approach is challenging to implement, however. Demands for a corporation to cut costs and be more responsive locally clash with one another. Being responsive locally increases expenses, making cost savings hard to accomplish. [9], [10]

CONCLUSION

Various strategic options are generated by environmental scanning and organizational analysis and are presented to a company for acceptance. At the corporate, company, and functional levels, the strategies might be developed. The corporate level generic strategy have to do with choosing the industries that the organization will operate in. They control the strategy that a business uses to achieve its goals. There are four different sorts of generic strategies: stability, growth, retrenchment, and combination. Stability is the most advantageous approach to be used when a firm thinks that it must continue in the present business and is doing quite well in that business but lacks significant room for expansion.

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An Overview of the Understanding Generic Strategies for Business Growth and Performance Improvement

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ABSTRACT: When a company offers public services in other product or service sectors or adds new markets or functions to its business definition, it uses an expansion strategy. Retrenchment strategy may require a company to redefine its business and may include selling off a significant product line or an SBU, leaving many markets, or reducing its functions. A company is said to be pursuing the combination generic strategy when it combines stability, growth, and retrenchment either simultaneously or sequentially to improve its performance. There may be various generic strategy alternatives available to a company. These variances may be conceptualized as internal/external, related/unrelated, horizontal/vertical, active/passive, and other categories.

KEYWORDS: Business Definition, Combination Strategy, Divestment, Expansion Strategy, External Options

INTRODUCTION

Expansion strategy is when a company offers more product or service sectors to the public, opens new markets, or adds new functions to its core competencies. Selling new products in new market segments is known as diversification. Based on the value chain, integration is the concentration of activities related to a firm's current operations. A merger is the joining of two or more businesses in which one business takes on the obligations and assets of the other. In terms of how they manage and distribute resources across various enterprises, major organizations with many businesses often use corporate-level techniques. A plan like this helps management match resources with market prospects in each sector of the company. The creation of corporate-level strategy is the responsibility of top management, who often plan and strategize for the next five years or more. When developing a strategy at the corporate level, senior managers must choose between two options. They must first develop a master plan or generic strategy, that is compatible with the organization's general goal. The second step is to create a portfolio strategy that will identify the different organizational tasks and how resources will be allocated to them. A generic strategy is a broad plan that covers almost all aspects of a company and provides the foundation for a strategic path that will help the firm achieve its long-term objectives. Growth, stability, and retrenchment are the three categories of generic strategy [1].

Both the development plan and the retrenchment strategy use a variety of techniques to achieve the desired outcomes, but the stability strategy maintains the current state of things if the business is doing well and the management does not want to take on the risks associated with more vigorous expansion. In Unit VIII, the stability and growth plans were covered. The retrenchment and combination tactics will be covered in this unit. When a company intends to drastically reduce the scope of its operations, the retrenchment generic strategy is the one that is selected to be implemented. To achieve this goal, the issue regions and their root causes are recognized. After then, efforts are undertaken to find solutions to the issues that lead to different retrenchment techniques.

The probability of industries and markets has changed as a result of several internal and external events. Companies in fading sectors face risks such as falling demand, the advent of more alluring alternatives, negative governmental regulations, and changing consumer demands and tastes. Along with external changes, there are company-specific developments that contribute to business failures, such as bad management, inadequate functional management, and incorrect plans. Industries, markets, and businesses all run the danger of declining under such circumstances. Many items, including black and white TV, VCRs, jute and jute products, calculators, and wooden toys,

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have either disappeared from the market or are in decline, forcing businesses in these sectors to cease operations or close their doors [2].

The decline is shown in several ways in how businesses function, including deteriorating profitability, steadily decreasing cash flow, dropping sales, losing market share, and mounting debt. Management with keen eyesight may establish on a solid foundation a system for efficient monitoring and control to promptly acknowledge the signal of impending danger and assess the general sense of unease. In this case, strategic recuperation becomes a possibility. [3]

Slatter has hypothesized four types of recovery scenarios

- **a)** Due to the company's lack of competitiveness, cost disadvantage, and final fall in demand for its core goods or services, there is little room for improvement in a scenario that is practically unrecoverable.
- **b)** There might be a good beginning to retrenchment but no long-term sustainable reversal in a brief recovery scenario. This could happen if there is a chance to change the product's positioning, if competitive advantages can be recognized in new ways, or if cost savings and revenue creation are made available.
- **c)** There may be a scenario of continued existence when a turnaround is accomplished but there aren't many chances for future expansion. The sector may be gradually deteriorating. If a corporation finds itself in such a predicament and anticipates an easy, laid-back niche in the market where it sees potential to become the market leader, it may decide to sell or pursue a turnaround.
- **d)** Because the market is still sufficiently attractive and there are opportunities for new product development and/or market repositioning, a sustained recovery scenario where a real and successful turnaround is feasible may be a possibility. Perhaps internal issues rather than environmental ones contributed more to the decrease.

A retrenchment strategy can take any of the following forms:

- **a)** Turnaround strategy
- **b)** Divestment or divestiture strategy
- **c)** Liquidation strategy

The company adopts a turnaround plan when the firm is struggling but still has a chance to be salvaged. When implementing a divestiture plan, a company eliminates any loss-making units, divisions, or SBUs and reduces the length of its product line or the scope of its operations. If none of these solutions are effective, it may decide to completely discontinue the activity, leading to a liquidation approach. The specifics of each of these tactics are covered in depth.

Turnaround Strategies

When a company is steadily losing money but yet valuable to save, turnaround tactics are helpful. Recognizing the circumstances under which an otherwise successful company could falter is vital. Such identification can provide suitable remedies that might promote recuperation.

1. **Factors leading to decline:** Many factors can be identified as leading a firm to decline.

Substandard Management

Several faults constitute poor management, from blatant incompetence to the disregard of key operations and a lack of effective managers. The chief executive's and top management's character traits have a significant role in producing deterioration. Along with ineptitude, the following are the main causes of decline attributed to bad management.

One Man Rule

One man rule often seems to be the root cause of poor management. According to a research, failed organizations often have a top executive with a love for empire building tactics who exercises total control in influencing others. This is fine as long as the business is profitable, but when the leadership is seen to be failing, the business rapidly declines. [4].

Combined chairman and Chief Executive Role

In this case the activities of the CEO become unchecked.

Ineffective boards of directors

The Board of Directors' constitution is of utmost significance. Non-executive directors often lack sufficient business knowledge and/or don't engage in meeting discussions. Additionally, executive directors may not be having a big impact. Only their particular area of interest is covered by their involvement.

Neglect of core business

The primary company does not get enough attention once it achieves maturity and senior management continues to work on diversification activities.

Lack of management depth

Lack of management depth contributes to the loss of businesses in recently diversified enterprises where traditional skills have tended to be functional and the company lacks broad management or succession abilities.

Inadequate Financial Control

Another cause of business collapse is inadequate financial control. This problem occurs because the control systems need the availability of a few reliable cash-flow projections, costing systems, and budgetary controls. Smaller businesses may merely provide statutory financial information instead of all three things. The problem is more likely to be caused by insufficient systems in bigger businesses.

Control systems are often exceedingly intricate, produce erroneous information, and may even display it. Many managers are unaware of the information that they really need or that the information system can deliver. Many top managers are ill-equipped to use accounting data. Power concentration has been recognized as a contributing cause to decline in a number of organizations. In addition, the degree of hierarchy at which control is positioned may be too high. Many businesses don't allocate overhead costs properly. Modern tools like activity-based costing aim to solve this issue. [5], [6].

Competition

Price and product competitions, which often take place concurrently, are considered to be the main causes of business collapse.

Businesses that fail to revitalize their product offerings in response to changing market demands and fiercer competition eventually go out of business. Other likely causes of product competition include poor product introduction strategies, unfounded beliefs in the viability of the existing product, a lack of financial and technological resources to pursue the process of bringing in new products, and failure to successfully develop new product concepts.

A common reason for the demise of Western firms, especially in the industries that Japanese and other Asian rivals target, is intense pricing rivalry. Although there is greater price competition in marketplaces where items are not differentiated, it has also happened in industries like consumer electronics and the automotive industry.

High Cost Structure

Businesses often have a severe competitive disadvantage if their cost structure is much greater than that of their leading rivals. The main causes of cost disadvantages are operational inefficiencies, unfavorable government policies, relative cost disadvantages, absolute cost disadvantages, cost disadvantages caused by diversification strategy, cost disadvantages caused by management style and organizational structure.

The economies of scale and the impacts of the experience curve are related to relative cost disadvantages. Absolute cost disadvantages result from a variety of variables, including competitive cost disadvantage brought on by rivals' ownership or monopoly of crucial raw materials or components; access to cheaper labor; ownership-related industrial know-how; and convenient site location.

Due to the assignment of corporate overheads, particularly in sectors with shared costs where overheads are arbitrarily distributed without an activity-based costing system, diversified enterprises may realistically be in touch with a cost disadvantage. Unknown numbers of businesses consciously reduce expenses through boosting productivity, outsourcing labor costs, lowering central staff overheads, and other methods. Areas that don't make these cuts risk facing significant cost disadvantages. Operating inefficiencies may occur in any functional area of management and are often the result of poor management. As a result of direct and/or indirect government policies like subsidies, tax differentials, currency rates, preferential procurement, environmental regulations, social programs, and the like, quite a lot of company may suffer.

Continual change in market demand

One incidental factor in a company's decline might be a persistent shift in demand or a modification in the pattern of demand to which the company becomes unable to adapt or is simply unable to react. A reduction in demand may be caused by market circumstances that are no longer in use, such buggy whips and gas lights, the effects of the business cycle, which may result in a dramatic but likely brief downturn, and seasonal fluctuations, like the wintertime decline in demand for ice cream. Unless the business is in a fragile financial situation, this is often not fatal. Because the business in reality does not want to observe and accept that this is occurring

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because of the subsequent shift in strategic behavior and the possible adjustment it may involve, good monitoring of secular decline patterns often fails. Cyclical decline failures are often the consequence of pricing disputes between rival businesses trying to increase or maintain market share. A well-known example of a sector exhibiting this tendency is insurance.

Unfavorable movements in commodity prices

Numerous company failures have been caused by the main fluctuations in commodity prices that occur quickly. Examples of such shifts include fluctuations in the price of oil and subsequent oil price shocks, fast changes in the pricing of commodities like copper, aluminum, and steel, and substantial moves in exchange rates, such as the yen's swift appreciation in the late 1980s and again in the mid-1990s.

Incompetent Marketing

Because of major management problems throughout their whole enterprises, particularly in the sales and marketing activities, many businesses are vulnerable to catastrophic decline. Ineffective and pointless advertising, efforts not focused on key customers and products, poor after-sales service, low product quality, a lack of research and new knowledge of varied customer buying habits, difficulty accessing distribution channels, and a lack of marketing orientation are all contributing factors to these difficulties.

Big size of projects

Due to either an overestimation of income or an underestimating of costs, many huge initiatives may fail. Such initiatives are susceptible to failure owing to underestimating capital needs, starting-up challenges, capacity growth, and expensive market entrance.

Strategy of Acquisition

Acquisition may sometimes play a deciding role in corporate strategy, particularly for businesses that find it difficult to diversify. The majority of purchases, nevertheless, are judged to be a failure. The purchase of loss-making companies with weak competitive positions in their own markets, payment of an excessive acquisition price for the acquired business, and poor post-acquisition management and control mechanisms are the main causes of deterioration for the acquiring corporation.

Financial Policy

Direct reasons of failure include a high debt-to-equity ratio, conventional financial practices, and unreliable funding sources. [7].

DISCUSSION

For businesses to react to a downturn, there is no set model. There are a few well acknowledged effective turnaround tactics. In general, many of these tactics may be used at once. Changes in management, an effort to refocus the company's strategy, asset divestitures to close outmoded activities, increased profitability of ongoing operations, and acquisitions to resurrect core businesses are a few of them.

1. Change of Leadership

In order to provide a fresh vision for the company and to inspire trust in shareholders and lenders, a change in leadership often entails a change in the CEO, chairman, or both. Because the failure of the previous leadership is a signal of dishonor. For instance, IMB replaced CEO John Akers with an outsider, Lou Gerstner, as the first step in putting a turnaround into place.

2. Powerful financial control

Powerful financial control is indispensable for a successful turnaround. Centralization of cash, improved cash- flow to reduce debt, including possible asset disposals would be helpful.

3. Organizational change and decentralization

Long-term turnaround strategy includes organizational transformation and decentralization of authority. However, it may be anticipated when new top management, which often implies downsizing, has been established. Decentralization needs to wait until sufficient financial controls are in place as well.

4. Define strategic focus differently

Adding or removing product lines, adding or removing customers based on their potential for profitability, changing the sales mix by concentrating on certain items and customers are all possible ways to define the strategic emphasis differently. Completely leave such areas that lack welcoming elements; with the introduction of new product market elements.

5. Growth via acquisition

A common turnaround strategy is to make acquisitions, primarily to strengthen the competitive position of the surviving core businesses of the firm. Diversification is not always what this refers to. But in

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doing so, businesses in the same or substantially similar sectors must be purchased. Firms experiencing a severe financial crisis may not be able to use this option.

6. Asset reduction

Typically, every turnaround plan must include this. Tight cash management and working capital asset reduction are prioritized over other areas in the near term, and in the long term, selling off fixed assets and whole companies may be necessary. This asset sale may provide much-needed revenue for the business, which it can then use to fund its ongoing operations.

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Divestment Strategies

Regular business divestitures even a few strong, healthy ones ensures that the remaining units reach their maximum potential and that the firm as a whole becomes more powerful.

Some business leaders understand the significance of a professionally planned divestment program. There are a number of expenses associated with holding onto a firm too long.

a) Costs to the corporation,
b) Costs to the unit and
c) Depressed exit price.

Though these costs are concealed, they can be greater than the benefits of holding the business.

Costs to the corporation

On the one hand, well-established, prosperous companies may create money and provide steady profits. On the other side, they may cripple a firm to launch brand-new, high-growth ventures. Businesses that are committed to development often need to feel as if they are in a crisis. A firm may get the funds to thrive today from long-held, low-growth enterprises, but they may prevent it from setting itself up for a prosperous future. The following expenses might arise for a company from a long-standing business.

Breed risk-averse cultures

Businesses governed by established, low-growth industries run the danger of reproducing inflexible, risk-averse cultures that stifle creativity and a liberal outlook, making it difficult to recruit CEOs with a strong sense of initiative. For instance, Perkin Elmer's Summe, when took over as CEO, he started a series of divestitures not just to reposition the business but also to bring in a new group of leaders.

Usurp corporate resources

Long-standing companies may demand more corporate resources than they really need. They may acquire investment capital and use valuable management time that might be used to launch other firms with better growth potential. Only a few firms can be managed by a senior management team. A company's management may become immobilized and unable to focus on fresh prospects as a result of a stagnating portfolio. As part of the overall company's strategic planning process, proactive management evaluates each business unit's performance annually and regards divestiture as a potent approach to free up resources. Despite having a healthy cash flow, Wambold says that selling its aluminum company was necessary because it was wasting resources and managerial time that might have been better spent elsewhere.

Costs of the Unit

When a business unit is carried too long a period, it is not only the company as a whole that experience pain but also the unit.

Depressed exit price

A divestiture that takes place at a good moment may increase shareholder value, whereas one that happens

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at a bad time might decrease value. Many businesses don't unpack a unit until after a number of years of poor performance. Some sectors are so turbulent that managers are unable to anticipate market ups and downs. In other situations, they could be able to see the peaks but unable to locate a buyer willing to pay the going rate. A sale made sooner would have generated much greater profits for the vast majority of divestitures. Foster and Kaplan contend that a company's performance for shareholders declines over time.

An approach to divest

A five-step process is suggested to follow to get a divestiture program to take off, create support for it throughout the organization, and finally make it a key element of corporate strategies.

- **a)** Prepare the organization
- **b)** Identify candidates
- **c)** Structure the deal
- **d)** Communicate the decision
- **e)** Create new businesses

Prepare the organization

Divestiture is often a bad experience for the firms involved. They don't intend to take on the issue of integrating the divestment into their regular operations. Since divestment carries such a stigma, individuals initially resist it, at least in the beginning. As a result, the top management take their time outlining the many justifications for the divestment. For instance, the leadership team at Perkin Elmer established the groundwork for the divestment initiative by speaking candidly and often with colleagues throughout the company. The mark of shame should be faced when a firm begins to enjoy the rewards of proactive divestiture, and divestiture should become an anticipated occurrence in a unit's life cycle. The management will need to convince the staff that divestment is a sign of strength rather than failure.

Identify Candidates for Divestiture

Deliberation is required when designing and managing divestiture when selling off successful, reputable firms. Therefore, it is important to establish accurate criteria for analysis and apply them to each unit in a fashion that is unaffected by bias. The following four considerations are crucial for strategists.

1. The business unit's impact on the rest of the corporation

The strategists are required to conduct some analyses to identify the effects of a business unit, positive or negative, on other units and the corporation as a whole. For instance:

- **a)** A cultural audit may help identify if the business unit's culture and the corporation's culture conflict.
- **b)** Units that use up a larger proportion of management time may be found by looking at the CEO's schedule.
- **c)** Speaking with unit managers and looking at capital expenditure requests that were denied might help you find chances that aren't being pursued due of rivalry.
- **d)** A conversation with recruiters might provide insight into whether a department is hindering the rest of the business from attracting talent.
- **e)** A unit study analyzes whether it offers the rest of the company additional growth options or other beneficial features like pooled R&D resources.

2. The corporation's impact on the business unit

The strategists must also analyze the value that the company offers to the business unit relative to other prospective owners. The study should focus on the parents' abilities that the unit needs, the suitability of the present corporate culture, the measurable synergies between the unit and the company, and finally, what another owner may be able to provide the unit.

3. The ability of the Unit to meet Market Expectations

The business's market worth should be examined by the strategists as well. Is the business's market value overpriced or undervalued? This research is required to determine the unit's worth based on possible market performance expectations and to compare that figure to the indicated market value of the unit that is built into the stock price. Executives can determine from such an examination if the unit can provide value in the future. If the study reveals that current firms are overpriced, it may make CEOs more willing to sell off divisions or even change the corporation's whole identity. Cash cows might be among the identified candidates for divestment, for instance. The reason why cash cows should be sold is a valid question. Undoubtedly, a cash cow may benefit a business, offering protection during tough times or serving as a source of funds for fresh investment. Because companies operate in established markets and have little room for development that exceeds expectations of the market, their sale is warranted. Little value is often added for shareholders. In reality, a cash cow may be quite dangerous to carry since, if it loses

market share, its customer base will often decline dramatically. Additionally, cash cows can subject the company and its other business divisions to some of the greatest hidden ownership expenses. [9], [10].

CONCLUSION

The most important business mix for the organization to maintain should be determined by the strategists. Portfolio analysis may take both qualitative and quantitative forms. It should be noted that not every organization prefers a certain style of portfolio. Changing a broad, multi-business corporation into a focused, single-business company should not be the explicit goal of a divestment plan. McKinsey According to Neil Harper and Patric Viguerie, the financial markets reward a moderate level of diversity.

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An Overview of the Considerations for Conducting Divestitures

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***ABSTRACT:** The method of sale, which may include an auction with several bids, one-on-one negotiations with a single buyer, or a combination of the two, is an important consideration. The justification for the divestment should also be taken into account since quick, simple agreements could be chosen to save costs. These costs must take into consideration time, complexity, and taxes in addition to transaction fees. Spin-offs may also be advantageous since they are tax-free in certain situations. Diverse professionals, including bankers, attorneys, and accountants, must collaborate to carry out divestitures effectively. Making ensuring that the division being sold is isolated from the rest of the company and that no employees are terminated during the selling process is also essential. By carefully assessing these factors, organizations may efficiently manage the divestiture process.*

***KEYWORDS:** Auction, Employees, Execution Skills, Lawyers, Spin-offs, Taxes, Transaction Costs*

INTRODUCTION

Additionally, the method of performing the sale should be decided, whether it be via a public auction with numerous bidders, a private discussion with the most reasonable buyer, or a combination of both. The justifications for divesting should be considered while weighing the alternatives. These arguments are often used to promote straightforward, speedy transactions that keep expenses to a minimal for both the organization and the unit being sold. In addition to transaction-related costs, prices for time, complexity, and taxes should also be taken into consideration when estimating costs. Spin-offs might be especially appealing in certain circumstances since they can be done tax-free. Coordinating the efforts of bankers, attorneys, and accountants is a common competence required in carrying out divestiture strategies. Additionally, it must be ensured that the personnel of the divestiture candidate does not distance themselves from the rest of the business throughout the selling process.

Convey the Decision

The next step in the divestment process is to inform everyone affected of the decision to sell. It is more difficult to communicate the decision to dissolve a company unit. In certain cases, it might be desirable to communicate the information as soon as the unit is on the list of candidates for divestiture. But if the trade fails, it may sometimes be problematic. Therefore, it would generally be okay to wait to make the news until the sale seems likely. When it becomes clear that a business unit is likely to be sold, we make a bold choice with the people because, as Pactive Wambold points out, it is preferable to reduce uncertainty whenever feasible. But it may be advisable to wait off on breaking the news while things are still unclear. The firm may suffer if someone is informed that the unit could be sold since it causes doubts. Regardless of the time of the communication, the business unit's employees must be told clearly and concisely of the reasons for the divestment. Jack Welch, the CEO of GE, made it plain to his business divisions that they had to dominate their respective industries. If they failed that exam, they are well aware of the situation that led to their sale.

Carve out New Businesses

The establishment of new enterprises is the last phase in a proactive divestment strategy program. Companies must create growth strategies that strengthen existing firms, launch new ones, or acquire other businesses while they eliminate unnecessary ones. Making a cycle of business renewal that keeps the corporate portfolio of enterprises constantly renewed should be the goal.
Therefore, divestment is not a goal in and of itself. Instead, it is a strategy for achieving a more general goal: creating a business that expands and thrives over time. To create new firms and grow existing ones,

shrewd CEOs dispose of existing ones. Therefore, in addition to increasing shareholder value, all proceeds from a sale should be reinvested. This includes money, management time, and support-functional capability. [1], [2].

Liquidation Strategies

The liquidation strategy, which calls for closing down a business and selling its assets, is one of the most extreme and unwelcoming retrenchment tactics. Because it results in major consequences like job loss for workers and other employees, the end of chances where a company may pursue any more operations, and the stigma of failure, it is seen as the final resort. Medium- and large-sized businesses seldom liquidate in India, in contrast to the many small-scale units, proprietary businesses, and partnership ventures that do so often. The management of the firm, the government, banks, and other financial institutions, trade unions, suppliers, and creditors, as well as other authorities, are very reluctant to decide or request liquidation. Due to the difficulty in finding purchasers, selling assets to implement a liquidation plan may also be complicated. Furthermore, since the majority of assets are useless and are seen as garbage, the company has low hopes for an appropriate reward. A liquidation strategy may be unappealing as a tactical choice, but it makes sense when a shuttered company is worth more than one that is still operating.

For instance, a company may get more money from its real estate holdings than it would from its actual business profits. An abandonment strategy is ideal when liquidation is obvious. A planned liquidation would include a methodical approach to maximizing the gains from the liquidation for the company and its owners. According to the Companies Act56, liquidation may occur either at the court's direction, voluntarily by the business's owners, or under the court's supervision. When a liquidation plan is used, the company is often sold in pieces rather than as a whole and not as a continuing concern but rather for the value of its physical assets. It is regarded as the last resort since it results in major repercussions such as termination of employment for workers and other employees, the end of prospects for a corporation to pursue future endeavors, and the embarrassment of failure. When a firm decides to go through with liquidation, the owners and strategists recognize failure and are aware that both they and their staff will suffer as a result of this decision. For these reasons, liquidation is regarded as the least effective tactic. Rarely, if ever, unless under exceptional circumstances, are individuals able to decide to liquidate a business. It implies failure and accompanying dishonor. The early to mid-1980s saw a rise in the popularity of the liquidation method, which gave investors quick returns on their investments. [3].

Planned Liquidation

When a dead company is worth more than a living one, liquidation makes sense. A company's real estate, for instance, can be worth more to it than the actual profits from its operations. The best scenario is an abandoning strategy when liquidation is obvious. A methodical approach would be needed for planned liquidation to maximize gains for the company and its shareholders.

Combination Strategies

Blend tactics are a blend of stability, growth, and retrenchment methods. Combination methods may be used concurrently in many companies or sequentially in a single firm. Every company needs a mix of tactics at all times. No company has ever grown and thrived by sticking to a single strategy. Due to the complexity of enterprises, several tactics must be used depending on the circumstance. For instance, corporations that decide to sell operations must also create growth strategies that emphasize strengthening existing businesses, founding new companies, or making acquisitions. An organization that has long pursued a stability strategy also has to consider growth. Another company that has been rapidly expanding must halt to combine its operations or simultaneously terminate unprofitable ones. Multiple strategies must be implemented by multi-business enterprises either concurrently or sequentially.

DISCUSSION

In terms of how they manage and distribute resources across various enterprises, major organizations with many businesses often use corporate level techniques. A generic strategy is a broad plan that covers almost all aspects of a company and provides the foundation for a strategic path that will help the firm achieve its long-term objectives. When a company intends to drastically reduce the scope of its operations, the retrenchment generic strategy is the one that is selected to be implemented. Turnaround, divestiture, and liquidation strategies are only a few examples of retrenchment strategies. The company adopts a turnaround plan when the firm is struggling but still has a chance to be salvaged. A firm might lose customers for several reasons. These include poor

management, one-man rule, a combined chairman-and-CEO role, an ineffective board of directors, neglect of the core business, a lack of management depth, insufficient financial control, competition, a high-cost structure, ongoing changes in market demand, unfavorable movements in commodity prices, ineffective marketing, large-scale projects, acquisition strategy, and financial policy. The management of the company must keep an eye out for several signs of deterioration. Transformation of leadership, strong financial control, organization transformation and decentralization, redefining strategic emphasis, expansion via acquisitions, and asset reduction are all examples of successful turnaround methods. [4], [5].

Regular business divestitures—even of some profitable, strong ones—ensure that the remaining divisions reach their maximum potential and that the corporation as a whole becomes more powerful. Divestment has several expenses, including lower exit prices, costs to the business, and unit costs. A divestiture strategy could involve steps like organizing the company, selecting candidates, structuring the sale, informing everyone of the decisions, and starting new enterprises. The liquidation strategy, which calls for closing down a business and selling its assets, is one of the most extreme and unwelcoming retrenchment tactics. Blend tactics are a blend of stability, growth, and retrenchment methods.

The business-level strategies are discussed in this section. Business-level strategies are those that an organization uses at the level of its firms. These are the three main strategic alternatives available to firms to get a competitive edge. The foundation of company-level strategies, which consists of customer demands, customer groups, and distinguishing skills, is initially covered in this subject. The company-level strategies will then be covered. After that, Porter's taxonomy of general business strategies is discussed. The basic methods by which a corporation may successfully and successfully endure competition in a market or sector are known as generic strategies. The section also examines the many tactics a business may employ to realize and effectively use its competitive advantage, compete in a market, and achieve profitability. These choices are the foundation of business-level strategic choice since they determine a company's competitive edge over its rivals and how it will handle competition in a given market or sector. The strategies at the business level take into account how businesses might get an edge over their competitors. [6].

Customer Needs

Customers' requirements signify if a product's or service's qualities are up to par with their expectations. Basic requirements include the need for food, clothes, and housing as well as medical and higher-order needs like the desire for security, knowledge, education, information, and social respect, among others. The satisfaction of these demands is the goal of business. Businesses work hard to understand client wants, satisfy them, and build goods and services appropriately. To attract clients and satisfy a certain threshold of customer demands, all businesses must to some degree differentiate their goods from one another. However, some businesses differentiate their goods far more than others, and this differentiation may provide them an edge over the competition. Some businesses choose to charge their clients a cheap price rather than differentiating their items.

Customers Groups

To gain a competitive edge, businesses identify client groups based on the key variations in their demands or preferences. This is market segmentation in action. Market segmentation enables businesses to provide a wide range of goods for several market segments, better meeting the demands of their customers. As a result, the company's goods are in more demand, generating more income than it would if it just sold one product to the market. Customers judge a product based on the price if the nature of the product or the industry does not afford a significant degree of distinction. The firm with higher efficiency and the ability to provide a product at the lowest price has a competitive edge.

Distinctive Competencies

Identifying the particular skills pursued to satisfy client wants and groups is the key factor for the company-level strategy. How a business tries to address the demands of different consumer groups to gain a competitive edge is known as distinctive capabilities. A company must decide how to arrange and combine its unique skills to get a competitive edge when choosing its business strategy.

Business-Level Strategies

The different courses of action that a company may take for each of its companies separately to client groups and provide value to the customers to meet their demands are known as business-level strategies. The business uses its skills to acquire, preserve, and improve its competitive advantage along the process.

Any company in an industry gains a competitive edge by using its core skills strategically. Organizational behavior and organizational resources are used together to create capabilities that allow a company to create competences used to achieve a competitive edge over rivals in an industry. An organization may achieve above-average profits with the use of a competitive edge. As a result, in order to gain a competitive edge, organizations must develop and put into action a variety of strategies.

Business tactics were proposed by M.E. Porter, who deserves credit for this. Business strategies are what Porter refers to as competitive strategies. According to him, the industry should serve as the basic analytical unit for a thorough grasp of the competition. An industry is a collection of rival companies offering goods or services where there is the most intense competition and where the competitive advantage is ultimately gained or lost. Businesses define and decide how to compete in the sector in which they operate via competitive strategies. The two criteria that are subject to continual change that affect the choice of a competitive strategy are the industry structure and the promotion of a business within the industry. [7], [8]

The danger of new entrants, the threat of alternative goods or services, the negotiating strength of suppliers, the bargaining power of consumers, and the rivalry amongst the current rivals in an industry determine the degree of competition and determine the structure of the business. The long-term profitability of businesses within an industry is influenced by these five variables, which vary from industry to industry. An organization's positioning in the market refers to its comprehensive strategy for competing, developed to obtain a lasting competitive advantage based on competitive advantage and competitive scope. Low costs and distinctiveness may give birth to a competitive advantage, and both broad and specific objectives may be used to determine the competitive scope.

A business in a competitive position is one that aims to outperform competitor companies in a market. The company may provide low-cost, mass-produced, standardized items or higher-priced, limited-variety products with a laser-like concentration on identified consumer segments willing to pay the higher price. The company differentiates its products from those of its rivals in the case of limited variety, higher-priced items so that buyers are willing to pay a premium for the goods. The ability of a company to create, produce, and promote a comparable product more effectively than its rivals is the foundation of reduced cost. Differentiation refers to a company's capacity to effectively provide the customer a special, better product or service in exchange for a higher price.

The depth of a company's goals inside its industry is referred to as competitive scope. The breadth of a business's goal is comprised of the variety of goods, geographical regions, buyer kinds, distribution methods, and adjacent sectors in which a firm would also compete. Because industries are separated into divisions with different demands and corresponding groups of capabilities and strategies needed to meet those needs, the competitive landscape is highly fragmented. So a company has the option of adopting a wide or a focused strategy. With a broad target strategy, a business may provide a full variety of items to many different consumer groups distributed throughout a large geographic region. In the narrow-target strategy, the business has the option of providing a limited selection of items to a small number of consumer groups in a constrained geographic region. [9], [10]

CONCLUSION

A collection of general competitive strategies known as the business-level strategies are produced when competitive advantage and competitive scope are combined. The overarching competitive theme that a firm chooses to emphasize how it places itself in the market to gain a competitive edge informs the business level strategies of an organization, and the various positioning strategies may be utilized in varied industrial settings.

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An Analysis of Generic Business Strategies

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ABSTRACT: Various attempts have been made at various periods to categorize strategy. The Product-Market-Diversification Matrix by Ansoff was one of the first attempts. This matrix clearly and unmistakably indicates an appropriate marketing plan for new or existing items in new or existing markets. This category has the flaw of not taking into account the sustainability of the tactics employed. Michael Porter addressed this issue and created a different categorization of strategies, seeing them as geared at gaining a long-term sustainable advantage in a competitive market. Low cost and distinctiveness were mentioned by Porter as general business-level strategies. These tactics are said to be generic since they may be used by any kind of company or industry, whether they are for-profit or nonprofit organizations. Each generic strategy results from a company's decision-making throughout time that reinforces each other.

KEYWORDS: Cost Leadership, Customer Segmentation, Differentiation, Diversification, Focus Strategy, Growth Strategy, Market Penetration

INTRODUCTION

According to Porter, a company can put a lot of effort into offering a good or service more cheaply than its rivals, work to differentiate its good or service in order to increase value and command higher prices, or it can focus on a particular product market segment in order to monopolize. Being "stuck in the middle" refers to a company that is not implementing any of these tactics. The business strategy of a company is based on the first's position in the market and the industry structure. The five factors that are present in the industrial environment make up the industry structure. The firm's standing within the industry is determined by its competitive advantage and competitive breadth. By pursuing two strategies—low cost and differentiation—a company may gain a competitive edge. The competitive scope's two strategies, limited target and wide target, are its elements. When a matrix is created by combining the competitive advantage and competitive scope. There may be three main strategies for businesses to develop lasting competitive advantage.

If a company starts to be the lowest cost manufacturer in the business, cost leadership may be the best course of action to take. The foundation of a low-cost approach is doing everything possible to reduce unit costs. According to Porter, a low cost manufacturer must locate and effectively use all sources of cost advantage as they work to become the low-cost producer in their business. Low-cost manufacturers often market standardized goods and put a strong focus on acquiring scale or absolute cost benefits from all sources. If a company is able to achieve and maintain total cost leadership, it will assume the role of an above-average performer in its sector, provided that it can keep pricing at or close to the industry average.

By manufacturing goods or providing services at a cheaper price than its rivals, the cost leader outperforms them. If a cheaper product or service meets the same needs as similarly priced goods on the market, customers will like it more. The cost leader can produce above-average profits because of the cheap cost of its goods when other businesses have identical pricing for their items. Additionally, cost leadership provides the company with a margin of safety so that it may decrease prices if the competition heats up while still making about the same amount of profit.

To maintain the cost difference from the competition, the cost reduction should be continuous. Understanding the whole value chain for a company's product or service is necessary for cost reduction. It may be attained by using strategies like placing oneself to fully benefit from any experience effects and having access to less expensive inputs or technology relevant to the owner. All actions throughout the value chain that contribute to the creation of the product incur costs. Ensuring that the whole cost throughout the value chain is lower than that of its rivals is the main goal of achieving cost leadership. To do this, it is vital to examine the cost drivers and identify potential areas for cost improvement. Many measures need to be followed to achieve cost leadership:

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a. A high capacity utilization must be attained to generate cost savings, and demand forecasting is correct.
b. To reduce the cost of a product or service per unit, economies of scale must work.
c. There should be a high degree of product uniformity. Utilizing mass manufacturing processes allows the company to provide uniform service bundles at a cheaper per-unit cost.
d. By focusing on the typical consumer, a product or service may provide a standard set of features to a wider range of consumers.
e. Investing in cost-cutting technology enables cost reduction and increases the marketability of the product/service.
f. The distinction is delayed until it is required to achieve cost-based competitiveness.

Market share and cost leadership often coexist. The expenses will be reduced the higher the firm's market share. It becomes vital to have a sizable market share as a result. The second, third, or other low-cost manufacturers may also perform above average if the options to build an efficient plant are limited. Cost leadership is likely to last for a while if standard items of acceptable quality are offered since it relies on economies of scale and market positioning. Cost leadership solutions are thus more preferred in somewhat stable circumstances. A cost leader's demands for human resources are also obviously different. Particularly when commodity items are involved, technocrats are not often needed. As a result, a lot of the labor may be done by persons who are semi- or unskilled. Cost management is also of the utmost significance. [1], [2].

Necessary conditions for Cost Leaderships

The cost leadership strategy to become functional requires some necessary conditions in the market

1. In the market for goods and services, price rivalry triumphs over all other considerations, making cost containment a crucial element.
2. The highly standardized product is offered in the market. As a result, the difference is unnecessary.
3. Many customers can influence prices by using their collective buying power.
4. Both the cost of moving to a different vendor and the degree of client loyalty are low.

Strategic Choices of Cost Leadership

There can be three strategic choices of a cost leader in terms of product differentiation, market segmentation, and distinctive competency:

1. Product Differentiation

For the cost leader, there is still little product difference. The cost leader's expenses will inevitably increase if it makes an effort to differentiate its offerings. Though fairly priced at a low cost, the cost leader's degree of differentiation is not much worse than that of differentiation. The cost leader also doesn't strive to lead the market in product differentiation and doesn't add a feature until consumers ask for it. For instance, unless consumers want it, a cost leader does not provide stereo sound in television sets.

2. Market Segmentation

The cost leader often does not choose market segmentation. The product's appeal is geared at the average consumer. It is expensive to produce a variety of goods and satisfy the demands of different market groups. The cost leader often has a limited range of market segmentation.

3. Distinctive Competencies

To increase productivity and reduce costs in comparison to rivals, the cost leader builds competences. The cost leader works to establish unique competences in the manufacturing and materials management sectors to reduce costs. [3], [4]. As a result, he gains expertise in effective material management strategies and flexible production. In order to reduce expenses, the cost leader could focus on departments like HR and R&D. For instance, Nissan used a cost leadership approach while creating the Altman, a midsize sedan. Another example of a cost leader is Heinz. Beans and vegetables that are delivered in a sealed container prevent a significant increase in the product's price. Large quantities of cans must be sold to make a profit. Heinz thus goes above and beyond the norm to save expenses. Another point of origin for a company's costs is the design of the organizational structure that complies with the cost leadership plan. By streamlining the organization's structure, the cost might be cut.

Advantages of Cost Leadership

The cost leader enjoys a number of advantages of pursuing the strategy of cost leadership:

1. Protection from competition

Within its industry, the cost leader enjoys safety from competition. Because of the decreased expenses, the margin cushion is larger. The cost leader will be less

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affected by rising input and other cost prices than its rivals. Similar to this, the cost leader will be less impacted than its rivals if customers become more powerful and drive product prices down.

2. The price of inputs.

Due to its large market share, the cost leader has more negotiating leverage with its suppliers since it purchases its inputs in large amounts. The cost of inputs for the cost leader decreases as a result. The cost leader feels confident in lowering its price to compete with the competition and keep its market share if the alternative items pose a threat.

3. Obstacle to entrance

Potential competitors are prevented from entering the market by the cost leader's cost advantage. Because they cannot match the leader's costs or pricing, new enterprises are reluctant to join the market. Therefore, the cost leader is protected from the current competition as long as its cost advantage persists.

DISCUSSION

Disadvantages of Cost Leadership

1. Low-cost routes

The cost leader's biggest challenge is finding novel, inexpensive methods to produce goods on a consistent basis. For instance, new competitors may employ less expensive technologies to outperform the cost leader if technology advancements render experience-curve economies outdated.

2. Cheap labor costs

The rival could also profit from cheap labor costs. For instance, the accessibility of labor at cheap costs in developing nations has prompted several businesses in developed economies to assemble their items in these nations in line with their low cost approach.

3. Simple Imitation

The cost leadership approach will be difficult to implement if the cost leader's methodologies, procedures, and product features are simple to copy. For instance, IBM had issues as a result of the ease with which IBM-clone producers copied, developed, and sold IBM compatible devices at cheap costs.

4. Changes in customers' taste.

The danger associated with the cost leadership approach is that, in its pursuit of cost reduction, it may overlook changes in consumer preferences and tastes. Thus, a business may discover that dramatically cutting expenses may have a negative impact on the demand for the product. For instance, the Joseph Schlitz Brewing Co. replaced inferior grains to save expenses. As a result of customers discovering that the product included subpar components, demand significantly decreased. As a result, the cost leader cannot disregard product differentiation completely, and even inexpensive items cannot be considered to be significantly inferior to differentiated products. [5], [6].

Differentiation Strategy

If a company is unable to implement a cost leadership strategy but is still able to differentiate its goods along certain customer-valued characteristics, and if the cost of doing so is less than the additional revenue anticipated, differentiation may be the best course of action. Porter describes a differentiation strategy as being distinct in its sector along a few factors that customers appreciate highly. A higher price is charged for the product's uniqueness. If a company can successfully differentiate its goods and maintain that distinction, it will have above-average profits relative to other companies in the same sector. The justification for the differentiation strategy is for a corporation to choose the traits that will set its goods or services apart from those of its competitors. Porter's difference is not based on the features of the product in and of itself, but rather on the capacity to demand a higher price. Therefore, it may be based on marketing or product innovation. When a company outperforms its rivals in providing the product with unique characteristics that its rivals are not able nor prepared to supply, it is said to be using a differentiation strategy. Customers will perceive a product or service as distinct if it satisfies a need that is important to them and for which they are willing to pay extra. Gratification a product or service is said to be distinct if clients are able to identify it from others in its category that are being provided on the market by comparing it to its unique qualities and traits. A differentiation company may command a higher price for the novelty of its product, attract new clients, and maintain client loyalty.

To ensure that there are enough methods to differentiate the firm and that the market can be broken down into sub-markets, a clear sketch of the targeted market must be established before pursuing a differentiation strategy. The clients are prepared to pay more to cover the difference. A differentiator will take every initiative not to mimic others, necessitating a constant redefining of the company based on

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distinction. The required course of action for differentiation is based on a combination of activities and qualities rather than a simple business feature or service. Connecting to value chains composed of customers and suppliers might provide further protection against imitation. In circumstances where industrial surroundings are continually changing, differentiation, whether based on innovation or based on marketing, is more acceptable. It may help prevent possibly more expensive kinds of competition, at least temporarily. However, it raises environmental uncertainty since it often incorporates new technology and unanticipated consumer and competition responses.

Differentiation requires the use of specialists in terms of human resource requirements. Additionally, procedures need to be built up to make it easier for these specialists, who can work in various functional divisions or even come from outside the organization, to coordinate. A company that offers uniqueness makes money by pocketing the difference between the premium price it charges and the extra expenses it incurs to do so. The ability of a corporation to distinguish its product or service while maintaining a balance between its pricing and expenses determines how successful it will be. If the clients lose interest in the distinguishing traits or are unwilling to pay a premium price for them, the business may fail. For instance, Orient Fans sell high-end ceiling fans built with cutting-edge technology and innovative products. Apple Computers in 1992 benefited from a competitive advantage based on distinctiveness in the computer business. Apple was able to set itself apart from its rivals thanks to both a distinctive proprietary operating system and a strong brand reputation. [7], [8].

Strategic Choices of Product Differentiator

The strategic choices of a product differentiator are in terms of product differentiation, market segmentation, and distinctive competency.

Product Differentiation

A differentiator chooses a high degree of product difference to gain a competitive edge. Product differences may be categorized into three categories: quality, innovation, and customer response. Customers are prepared to pay a premium price for new and innovative items, such as cutting-edge computers, stereos, and cars. Innovation is of extremely significant value for technologically sophisticated products, where new features are introduced for distinctiveness. If providing prompt customer service is the cornerstone for distinction, a differentiator company offers thorough after-sales support and product maintenance. This is especially important to note when it comes to automobiles and home appliances. Customers are well-served by businesses like Maytag, Dell Computer, and Federal Express. The ability of a product to appeal to the psychological requirements of clients may become a point of difference. A differentiator goes to considerable lengths to distinguish it along as many potential dimensions as feasible. It is better protected against competition and has a larger market appeal the more it stands out from its rivals.

Market Segmentation

A differentiator chooses to be a wide differentiator by choosing to segment its market into several niches, offering a product uniquely created for each specialty, and doing so. However, it can decide to focus only on the market segments in which it has a distinct competitive edge.

Distinctive abilities

A differentiator focuses on the organizational function that supports the sources of its differentiation advantage when choosing which unique ability to pursue. The R&D department decides how to differentiate based on technical aptitude and innovation. The effectiveness of efforts to improve customer service relies on how well the sales function is done.

Advantages of Differentiation Strategy

The following are the major advantages of differentiation:

1. When clients create brand loyalty for a company's goods, differentiation protects it from damage from rivals. Brand loyalty protects the business on all fronts, making it a highly valuable asset. For instance, because the company's strategy is focused more on the price than the cost of manufacturing, strong suppliers do not provide difficulty. Therefore, a differentiator is better able to withstand a moderate increase in the cost of its inputs than the cost leader.
2. Strong consumers do not threaten the differentiator either since it offers them a distinctive product and maintains strong brand loyalty.

3. Product differentiators may pass on increases in input costs to customers who are prepared to pay a higher price.
4. Brand loyalty and differentiation provide a barrier to entry for prospective competitors.
5. To compete, differentiation pushes new businesses to create their unique skills.
6. The alternative items pose a danger if they can fulfill the same consumer demands as the differentiator's products and if they have the power to erode the brand loyalty of rivals' customers.

Disadvantages of Differentiation Strategy

1. Maintaining the uniqueness of the product in the eyes of the client may be challenging for the differentiation firm. Competitors may quickly seek to replicate and mimic the items, eliminating the differentiator's distinctiveness. This occurs a lot with computers, cars, and electrical equipment.

2. Patent protection and first-mover advantages are advantageous as long as the general quality of rival items rises to the level of the product's differentiator. From this point on, consumer receptivity to the differentiator begins to decline. For instance, the green, gold, and platinum cards offered by American Express Company were formerly strongly linked to wealth and rank. By promoting the exclusivity and originality of its goods, the corporation set itself apart from the competition and paid a premium. The 1990s saw a setback for American Express' differentiation strategy as rival firms like MasterCard and Visa showed that their cards could be used in places where American Express could not. Customers of all income levels, even those with high incomes, may profit greatly from utilizing their specific credit cards. Numerous banks and businesses brought their own credit cards, including AT&T and GM. The distinctiveness of Am. Express cards began to diminish as a result of the entry of so many competitor goods.

3. The ability of rivals to copy a differentiator's product is another disadvantage of the differentiation method. The harder it is for the differentiator to command a premium price, the easier it is for the rivals to copy.

4. When a product's difference depends on its design or physical characteristics, it is considerably easier to copy, which increases the risk for the differentiator. Customers are price sensitive for items like VCRs, stereos, and cigarettes, for instance, therefore distinctiveness becomes less important since the firm must charge a higher price. [9], [10].

CONCLUSION

The copying of intangibles is far more complicated and increases a company's security if the differential is based on the caliber of the services offered dependability, or any other intangible source, such as the prestige of a Rolex, BMW, or Chevrolet. As a result, the differentiator might benefit from distinction for a very long period. The goal of the focus strategy is to cater to a certain clientele or market segment's demands. A corporation that is concentrated focuses on a certain market niche that is geographically, by kind of consumer, or by product line segment defined. Choosing a niche based on the kind of client involves catering to a certain clientele, such as just the extremely wealthy, the very young, or the highly adventurous. Focusing on only one area of the product line entails choosing just one kind of goods, such as fast vehicles or vegetarian cuisine. A focus approach requires some kind of specialization.

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An Overview of the Power of Focus Strategy of Leveraging Niche Markets for Cost and Differentiation Advantage

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ABSTRACT: A focus strategy makes full use of the differences in cost behavior in some segments. Marketing to such a niche would again require a decision between low-cost or differentiation, but this time, if the niche is well-selected, the scope of the market would make the firm able to proceed on more limited cost and differentiation capacities. It is only possible if rivals with a large customer base are providing subpar service to those sectors, and it is only viable for as long as the niche can be protected. The choice of a limited competitive scope within an industry constitutes a focus strategy. The focuser deliberately selects one or more business segments and prepares its strategy to service those segments while ignoring others. A company that is cost-focused looks for cost advantages in its target market, whereas a company that is differentiation-focused looks for differentiation in its target market.

KEYWORDS: Business Environment, Focus Strategy, Niche Markets, Sub-standard Management Policy, Political.

INTRODUCTION

The difficult objective for the focuser is attained after the niche has been exhausted, at which point he may also be persuaded to focus on the larger market due to an erroneous feeling of security gained from his success inside the narrow scope of the niche. This might have negative effects.

Strategic Choices of Focuser

The strategic choices of a focuser are in terms of product differentiation, market segmentation and distinctive competency.

1. Product Differentiation

A company pursuing focus strategy can opt for high or low product differentiation.

2. Market Segmentation

A focused company selects specific niches in which to compete, rather than going for entire market,

3. Distinctive Competency

A focuser may follow any distinctive competency because it can pursue any kind of differentiation or low-cost advantage.

Advantages of Focus Strategy

The focus strategy has the following main advantages:

1. The cost leader's competitive advantage protects it against rivals in the marketplace. Due to the reduced expenses, the approach is also focused on serving a certain consumer group or market sector.
2. A corporation that is centered on providing a certain market niche that is geographically defined, by the kind of consumer, or by a product line segment. Choosing a niche based on the kind of client involves catering to a certain clientele, such as just the extremely wealthy, the very young, or the highly adventurous.
3. Choosing only one specific sort of goods, such as fast vehicles or vegetarian cuisine, is what it means to concentrate on a small portion of the product range. A focus approach requires some kind of specialization.
4. Marketing to such a niche would again need a decision between low cost or distinctiveness, but this time, if the niche is effectively picked, the market's size would allow the business to go forward with less expensive and less differentiated options.
5. A focus approach, in theory, fully exploits the variations in cost behavior in

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specific parts. It is only possible if rivals with a large customer base are providing subpar service to those sectors, and it is only viable for as long as the niche can be protected.

6. The choice of a limited competitive scope within an industry is a focus strategy. The targeted company carefully selects one or more segments of the market and prepares its strategy to cater to those segments while rejecting others. In cost focus, a company looks for cost advantage in its target market, whereas in differentiation focus, a company looks for distinction in its target market.

7. The troublesome purpose for the focuser is reached once the niche has been exhausted, at which period he could also be enticed, out of a false sense of security derived from his success within the slim scope of the niche, to focus on the broader market. This may have harmful consequences [1].

Strategic Choices of Focuser

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A focuser may follow any distinctive competency because it can pursue any kind of differentiation or low-cost advantage.

Advantages of Focus Strategy

The focus strategy has the following main advantages:

1. The cost leader's competitive advantage protects it against rivals in the marketplace. The reduced costs also suggest that, if the suppliers gain significant influence, the cost leader will be less affected by rises in the value of inputs than its rivals. Similar to this, if customers become much more influential, the cost leader will be less affected by a decline in the value of its goods than its rivals.
2. The danger posed by competing goods is diminished by the rise in client loyalty.
3. The focus approach enables a business to remain in close contact with its clients and to respond to their changing demands. A focuser does not need to manage as many various market segments as a significant differentiator does.

Disadvantages of a Focus Strategy

1. Because focused companies buy inputs in tiny amounts, suppliers who become stronger often present a challenge to them. But this would not be a big problem if it can pass on price rises to devoted consumers.
2. The focuser company's client loyalty must be captured by the new competitors in the market.
3. Due to its limited volume of production, a focused firm's production costs are often higher than those of a company following a low-cost strategy. If a considerable amount of money has to be invested in developing a unique business, such as product innovation, rivalry with a differentiated firm, if profitability is expected to decrease. However, the introduction of flexible production technologies may resolve this problem. Small manufacturing runs are now feasible at reduced costs. Small focus organizations are able to compete with large corporations in certain market niches as a consequence of much decreased cost disadvantage.
4. A focuser's specialty may abruptly vanish as a result of technical advancements or shifts in customer preferences. Because its resources and expertise are concentrated in one or a small number of niches, a focuser cannot quickly transition to other markets, but a generalist differentiator can.
5. By offering a product that can satisfy the clients of a focuser, differentiators will compete for that focuser's market share. A focuser must continually defend its niche since it is immune to invasion.
6. A corporation has to be confident in its fundamental plan in order to guarantee long-term profitability. The decision between

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these three tactics is not made by many businesses. Such businesses wind themselves "stuck in the middle."

It is clear from the discussion above that in order to develop a competitive advantage, each strategy calls on the business to make consistent decisions about product, market, and unique skill. Insofar as it does not deviate from its selected plan, a company pursuing one strategy should also benefit from elements of the others. A cost leader differs until doing so becomes prohibitively expensive, but a differentiator should make every attempt to save costs while maintaining distinction.

Each of the three components of a company's business plan must fit together. For instance, a low-cost business cannot provide a broad variety of items and pursue a high degree of market segmentation. The manufacturing costs would be greatly increased as a result, and the corporation would have to give up its cheap cost advantage. Similar to this, a differentiated company with a strength in innovation shouldn't try to minimize costs by reducing R&D spending. [2], [3].

DISCUSSION

However, a company is considered to be "stuck in the middle" if it juggles its core objective and source of competitive advantage and pursues both cost reduction and distinctiveness ineffectively. Cost leadership and distinction are incompatible, making this a bad approach. In every market sector, there will be a cost leader, differentiator, or focuser that can compete more successfully than the company positioned in the center. Companies that lack a plan often find themselves in the center of the market because they were unable to gain or maintain a competitive edge while choosing their products and markets. As a result, they perform below average and are negatively impacted by the escalating level of industry rivalry.

But, at least in the near term, cost leadership and distinction are not mutually exclusive. This may happen, for instance, if a company investigates a new innovation in a product, service, or process that enables it to lower costs while still effectively differentiating. It could be feasible to fully use such an invention for a long time if the appropriate obstacles are built. Similarly, cost leadership and differentiation may coexist when market share dominates cost determination and control of a sizeable portion allows the business to utilize the extra margin to distinguish while maintaining its position as the cost leader. The same may be true if there are cross-industry linkages that one rival might be able to fully exploit while others are unable to. Some businesses started out using one of the three general strategies, but either made the wrong decisions or encountered environmental changes. A corporation may lose control of a general plan if management doesn't carefully monitor the business and its surroundings. To attain the necessary fit with changing industrial circumstances, selections for products and markets must be regularly modified. [4], [5].

Managing a general competitive strategy successfully necessitates that strategists focus on two concerns. They should watch the environment to maintain the firm's source of competitive advantage in sync with changing opportunities and threats and make sure that choices about products, markets, and particular competencies are geared toward one specific competitive strategy. The basic methods by which a corporation may successfully and successfully endure competition in a market or sector are known as generic strategies. In terms of client demands, customer groupings, and distinguishing skills, the process of business definition is represented. Customers' requirements signify if a product's or service's qualities are up to par with their expectations.

In order to gain a competitive edge, businesses identify client groups based on the key variations in their demands or preferences. The manner in which a business tries to address the demands of different consumer groups in order to gain a competitive edge are known as distinctive capabilities. The different courses of action that a company may take for each of its companies separately to client groups and provide value to the customers in order to meet their demands are known as business level strategies. In terms of cost leadership, distinctiveness, and focus, there may be three essential approaches for businesses to attain long-term competitive advantage.

The foundation of a low-cost approach is doing everything possible to reduce unit costs. A few prerequisites in the market must be met for the cost leadership approach to work. In terms of product diversification, market segmentation, and distinguishing capability, a cost leader has three strategic options. Regarding protection from competition, the cost of inputs, and entry barriers, the cost leader benefits from a variety of advantages while pursuing the cost leadership approach. Being distinct from competitors in one's sector along certain customer-valued characteristics is a differentiation strategy. A higher price is charged for the product's uniqueness. A product differentiator's strategic

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decisions also take into account market segmentation, unique expertise, and product differentiation.

The goal of the focus strategy is to cater to a certain clientele or market segment's demands. A focuser makes strategic decisions based on product distinctiveness, market segmentation, and unique capability. However, a company is considered to be "stuck in the middle" if it juggles its core objective and source of competitive advantage and pursues both cost reduction and distinctiveness ineffectively. The process of making a strategic decision essentially involves deciding and formulating goals, coming up with alternatives, choosing one or more options that will help the business achieve its goals in the best possible way, and then putting the chosen option into practice. A decision-maker must establish assessment criteria to determine the merits of certain possibilities before choosing from the available alternatives. The criteria for selection serve as a guide for decision-making and significantly simplify the selection process. The strategic choosing process consists of four phases, which are:

a. Paying particular attention to alternatives
b. The selection factors
c. Assessment of strategic alternatives
d. The strategic choice

Pay Particular Attention to Alternatives

For a certain business, there are several versions of the general strategy alternatives from which strategists might choose some. Constricting the choice to a few workable options is the goal of giving close attention to a few options. Though theoretically all options may be taken into consideration, in reality, there would only be a small number of options available. A conundrum will be presented to the decision-maker. If too many options are taken into account, the procedure will become inefficient and awkward. If there aren't enough choices available, though, viable alternatives can be overlooked. A decision-maker must pay close attention to a sufficient number of possibilities to overcome this challenge. The reasonable quantity cannot be easily determined, however. It is advisable to start with the business definition to determine the fair quantity of options.

Defining business along three dimensions creates a decision-maker suppose in a structured manner and consistently moves in one or additional dimensions creating a variety of possible alternatives [6], [7]. A business might develop strategic alternatives to go from its present condition to the state it wants to be in the future. Imagining a future state and striving toward the current state is another way to pay close attention to alternatives. Gap analysis facilitates this. A business chooses its long-term goals and then works to attain them using its existing level of resources. A gap might be found by analyzing the variation between the predicted and actual performance. The degree of focus on alternatives is influenced by the gap's extent, character, relevance, and likelihood of being closed. Stability techniques would be most preferred if the gap was small. Retrenchment techniques could be more appropriate if the gap is significant as a result of the previous and anticipated poor performance.

Selection Factors

The process of narrowing down the strategic decision to a few workable alternatives to be further investigated is facilitated by the company description and well-executed gap analysis. To develop the test for the evaluation of strategic options, this study depends on a few selection parameters. The selection criteria are primarily divided into subjective and objective criteria. In order to assist a strategic decision, the objective elements are founded on analytical methods. The subjective elements are dependent on individual perception and judgment. The options created in the preceding stage are examined using both forms of selection criteria. [8], [9].

Assessment of Strategic Alternatives

The final strategy choice is based on the selection criteria. Every individual strategic option has to be evaluated for its potential to help the business achieve its goals. Evaluation of strategic options requires a thorough consideration of the findings of analyses based on both objective and subjective variables. Strategists are free to use any tactic that is appropriate for the situation.

Strategic Choice

An evaluation of strategic options leads to an evaluation of the best option. It is necessary to create a strategic plan outlining the strategies and the prerequisites for their effective implementation. In addition to the chosen techniques, certain backup plans would need to be created. The strategic decision-making process is carried out on two levels: the corporate level and the company level.

Strategic Choice at the Corporate Level

Strategic analysis is concerned with a corporate body made up of a portfolio of firms at the corporate level. The examination meticulously considers all of the

many problems involving the various corporate portfolio companies. The general tactics of stability, growth, contraction, and combination make up the available strategic possibilities. A firm with many businesses might benefit from a corporate-level strategic study. The company-level strategic analysis would be adequate for lone company entities. The approaches used for corporate-level analysis, which make up a significant portion of the analysis done at the corporate level, are described.

Corporate Portfolio Analysis

The business portfolio analysis technique is a basic methodology of corporate strategy analysis in diversified, multi-enterprise organizations. Company portfolio analysis may be defined as a collection of tools that help strategists make decisions about certain products or ventures within a company's portfolio. Corporate portfolio analysis may be used for less diverse businesses as well as multi-business organizations for competitive analysis and strategic planning. The primary advantage of using a portfolio method in a multi-business organization is the corporate-level resource allocation to the firms with the most potential. For instance, a well-diversified corporation can consider shifting resources from cash-rich companies to those with quicker development potential to achieve corporate goals as effectively as possible. In the sentences that follow, a variety of methods deemed suitable for corporate portfolio analysis are addressed. [10], [11].

CONCLUSION

The Boston Consulting Group Matrix is a 2-by-2 matrix created by BCG, USA. It is the business portfolio analysis tool that receives the most attention. It makes it easier for a company to visually inspect the many companies in its portfolio based on their respective market shares and rates of industry growth. Two aspects of the management of SBUs are studied. Analyses of business potential and environmental assessment are compared. According to the company's industry growth rate and relative market share, the matrix rates the company as high or low. SBU sales this year less sales of the top rival this year equals relative market share. The market growth rate is the same as the difference between this year's and last year's industry sales. For each SBU, the analysis demands the computation of both standard units. Market domination shows the magnitude of the competitive advantage based on the business strength metric of relative market share. The experience curve occurs in the BCG matrix, according to the main hypothesis, and market share is gained as a result of complete cost leadership.

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An Overview of the Understanding the Characteristics and Importance of 'Stars' in Business Portfolio

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***ABSTRACT:** Star companies are those with a significant market share in a setting of rapid expansion. These companies expand swiftly and provide the firm's portfolio the strongest long-term potential for development and profitability. They generate a lot of money and are leaders in their industry. To maintain and grow their dominating position in an increasing market, they need significant investment. They need more money for investments than they can produce internally. As a result, they are top-priority, short-term consumers of organizational resources. Due to the experience effects, it is projected that they would have lower cost structures than their rivals with lesser market shares.*

***KEYWORDS:** Business Portfolio, Competitive Advantage, Market Position, Market Share, Product Portfolio, Strategic Management, Strategic Planning.*

INTRODUCTION

Low-growth, high-market-share goods or divisions are known as cash cows. Their expenses are cheap, and they make money thanks to their substantial market share. Reinvestment costs are thus low due to the sluggish development. Cash cows generate more money than they require for the remaining firm's investments, payouts, and overhead costs. As a result, these companies serve as a source of company resources that can be used elsewhere and are managed to maintain their large market position while productively producing extra case. They are the actual firm's supporting structure. The best approach for such organizations is stability.

Businesses that expand slowly and have low relative market shares when compared to their top rivals are considered dogs. These companies are often assumed to have greater cost structures than the market leaders due to their little market share. For them, gaining market share in an established industry is difficult and very costly. The advised course of action for such weak enterprises is divestment or quick harvesting. These low-capital-intensive firms often prove to be effective money makers.

'Question mark' enterprises are those with rapid growth but little market share. These firms have substantial financial requirements, yet little income is generated by them. These companies are seen to be opportunities. Since the sector is growing quickly, they must increase their market share in order to gain market share and, in turn, reduce costs. Gaining market share should be these companies' primary goal rather than maximizing short-term profits. Therefore, stars should be used instead of question marks, and then cash cows afterward. Although this tactic will drain funds in the near term, positive cash flow may be anticipated in the long term. They are potential divestment candidates.

BCG matrix is often used by multi-SBU businesses when making choices on the growth, maintenance, and retrenchment of various buses. The matrix's main objective is to identify the corporate strategy that best supports a portfolio with a healthy balance of business units. According to Glueck, "the matrix's objective is to have a balanced portfolio of products or divisions." As new goods first start as a puppy or a question mark, some of the BCG directives might eventually result in a lack of unique product releases.

The BCG matrix provided a suitable starting point for the portfolio method to evaluating corporate-level strategy. The highest sales in cash cows and startups, with just a few question marks and very few dogs, would make up BCG's ideal, balanced portfolio. The BCG matrix makes two significant contributions to corporate strategic decision-making.

BCG matrix suffers from several limitations:

1. Measuring market share and market growth rate becomes more challenging

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since it is difficult to describe a market properly.

2. It is oversimplified to divide the matrix into four cells based on a high/low categorization. The enterprises with average market shares or markets with average growth rates are eliminated.
3. Market groups and sectors have different relationships between market share and profitability. A big market share may result in significant cost savings in certain businesses, but not in others. With a deliberate strategy focused on distinction, innovation, or market segmentation, certain businesses with low market share, like Mercedes-Benz and Polaroid, might generate greater profitability and cash flow.
4. The matrix is not helpful, especially when comparing comparable investment prospects across several corporate portfolio business divisions. Is every star, for instance, preferable to a cash cow? What criteria should be used to determine if a question mark should be converted into a star or divested?
5. A set of firms' strategic review requires looking at factors other than relative market shares and market growth. An industry's attractiveness may increase for reasons related to technology, seasonality, competition, or other factors in addition to growth rate. Similar to this, decisions other than market share are often related to a company's value within its portfolio.
6. The BCG matrix's description of the different company types in a corporate portfolio oversimplifies them slightly. Similar to this, the straightforward strategic missions suggested by the BCG matrix sometimes fail to account for the variety of available options.
7. Executives dislike the BCG matrix's use of terms like "dog," "question mark," and "cash cow." These phrases are seen as unpleasant, static, and too graphic.

GE Nine-Cell Planning Grid or Mckinsey Multifactor Matrix:

GE nine cell planning grid attempts to win over some of the constraints of BCG matrix in two manners:

1. Multiple factors are applied to evaluate industry attractiveness and business strength instead of the one measure applied in the BCG matrix.
2. The cells of the matrix are increased from four cells to nine cells. It replaced the high/low axes with high/medium/low making a finer contrast between business portfolio positions.

For evaluating the industry's attractiveness, aspects such market expansion, market size, industry profitability, competitiveness, seasonality, and cyclical characteristics, economies of scale, technology, and social/environmental/legal/human issues are taken into account. Market share, profit margin, competitiveness, customer and market knowledge, competitive position, technology, and management quality are acknowledged elements for measuring corporate strength. [1], [2].

The strategists then "subjectively" determine a company's position inside the grid by allocating values to its two dimensions. To quantify industry attractiveness, the strategist first chooses several industry attractiveness variables. Then, each industry attractiveness element is given a weight that reflects its relative relevance to other attractiveness factors. Future circumstances for those variables are predicted and graded on a scale of 0 to 1 from favorable to unfavorable. The total industry attractiveness of a firm is then determined by a weighted composite score. A similar process is used to choose criteria, assign weights to them, and then rate the firm on the dimensions that were taken into consideration to assess business strength.

As a result, the GE planning grid may prove to be a beneficial tool for evaluating a company's portfolio of businesses. Several supervisors are often needed for the planning process. The addition and deletion of criteria, as well as their ranking and weighting, are generally handled by management discretion. As a result, companies are divided into groups based on their expected business strength and industry attractiveness. The judgments made on the distribution of resources are quite similar to those made in the BCG method. Businesses classified as invested to grow would be handled like the BCG matrix's stars. Resources would be made available to these companies so they could use growth-oriented tactics. Businesses that fall under the harvest/divest category would be governed like the BCG matrix's "dogs." Businesses operated as cash cows or as question marks depending on their selectivity/earnings classification.

The strategic recommendations the GE planning grid generates are similar to those of the BCG matrix. However, the GE nine-cell grid ameliorates the weaknesses of the BCG matrix in three basic ways.

1. The vocabulary used in the GE grid is practical since it is more widely understood.
2. The numerous measurements connected to each unique GE grid dimension include more aspects of market attractiveness and corporate strength than just market share and market growth.
3. Compared to the four-cell BCG format, the nine-cell format clearly distinguishes various portfolio positions..

The Hofer Matrix

Hofer made an effort to update the BCG matrix since it doesn't adequately reflect start-up companies in developing markets. The deficiency was corrected by Hofer's matrix, which is an extension of the BCG matrix. According to their level of market development and competitive positioning, Hofer examined enterprises. His advice is seen in Figure 4. The scale of the participating industries is shown by circles. The pie wedges within the rings stand for the company's market shares. These should be mapped for both current and future firms, according to Hofer. The reasoning that follows might be used to make strategic decisions based on such a plan.

Given that Business A seems to be a rising star and that it now has a sizable market share, it is the focus of excessive resource allocation. [3], [4].

1. Business B may follow a similar path as Business A, but the allocation of corporate resources would likely rely on identifying the reasons behind B's inability to get a larger market share, given its strong competitive position, and on the presentation of credible plans to address that shortcoming.
2. Although C is a clear contender for layoffs, businesses C and D are in doubt.
3. Business F and, to a lesser degree, Business E, are the corporate portfolio's cash cows and would be the primary targets for resource development.
4. Business G looks to be in trouble, has produced some short-term cash flow, and is being eyed for prospective sale or liquidation.

Hofer's approach can be a helpful instrument to assist the reflection of strategists in multiple-SBU firms who are considering alternative strategies for their various SBUs. Even within a single SBU with multiple products and/or markets, the approach can assist the thinking about the desired portfolio.

DISCUSSION

They see business divisions as autonomous, but in reality, they are connected to the corporate headquarters and rely on the whole company to exchange skills and capabilities. A huge, diverse company's management process is not given enough attention by management. They believe that building the correct company portfolio will lead to success, but maintaining a varied portfolio to produce value really does. The Shell Directional Policy Matrix may be used to address these issues.

An Evaluation of Corporate Portfolio Analysis

Hill and Jones pointed four main flaws with of the portfolio planning techniques.

1. A variety of other elements must be taken into account when evaluating a firm only on the basis of market share and industry growth.
2. The link between cost savings and relative market share is not as directly proportional as it should be. Low market share companies that concentrated on a certain market niche may have been able to reduce their operating expenses.
3. A significant positive flow is not always the outcome of having a substantial market share in a sector with slow development.
4. A number of portfolio planning approaches pay attention to the method through which diversification strategies generate value..

The Royal Dutch Shell Group created the Directional Policy Matrix as a tool for portfolio planning. The method uses a three by three matrix to rank firms according to their competitiveness and business sector potential. Each company's standing is determined by a variety of factors. Any diverse firm may use the model. [5].

1. **Business sector prospects**

Four main criteria are used for assessing business sector prospects:

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Market Growth Rate

High growth sectors are not ever the most profitable, but growth is an essential condition for growth of sector profits. Such conditions vary from industry to industry.

Market Quality

Sector quality is determined by several factors, including the industry's track record of high, stable profitability, the product's resistance to commodity pricing, the availability of free technology, the number of suppliers, the dominance of a small number of significant customers, the product's added value, the product's high switching cost, and the absence of any risk of substitution.

Feedback on Industry Situation:

Expansion of an enterprise often depends on the availability of feedback on the industry situation. However, shortage of feedstock availability is treated as a positive factor, as it reduces competitive pressures.

Environmental Aspects

The extent of restriction on production, transportation and marketing influence the sector prospects.

Company Competitive Capabilities

The matrix evaluates the relative strength of a business's competitive capabilities using the three criteria usually assessed for the present time, but future achievable positions that may be a result of the implementation of strategies can also be plotted.
Market position, production capability and product research and development are the three criteria:

Market Position

Market position is assessed using the main criteria of market share.

Production Capacity

The production capability is a combination of Process economies, hardware capability, location and number of plants and access to feedstock combine to form the production capability.

R&D Capability

R&D capacity is evaluated using a combination of product variety, quality development record, and technical service.
The strategist then awards a star rating between one and five. Commodity goods get no ratings. After then, the star ratings are converted to numbers. One-star businesses get a zero, while five-star businesses receive a four. In more sophisticated models, the individual variables are weighted; in simpler models, all the variables are given identical weight. The DPM is then used to plot the outcomes. Each cell offers a different approach. Leader companies have high-share concerns, low costs, and a stronger technological standing. Even though these enterprises are often successful, expansion and the need for ongoing investment may result in minimal cash flows. Such companies need to get special assistance.
Work harder to propel companies into leadership roles, investments are necessary. Such a position turns become a liability in the absence of investment. Businesses that are double or silent might get enough assistance to become the future leaders. Growth companies often generate a profit and are roughly cash neutral. When there are a lot of rivals and the firm in question isn't very strong, parental stances often arise. The main goal for these firms is to maximize cash flow without committing further resources. [6], [7].
In a market with moderate growth, cash creation is seen as a great competitive advantage. Even if they are lucrative, these companies do not draw in new investment prospects, thus they are run to optimize cash flow. Businesses with phased withdrawal are often in a poor position in a sector with slow development, yet they nonetheless manage to make a profit. Consequently, a progressive retreat rather than a quick leave is the best course of action. Such a plan aims to increase the company's value to its shareholders. Typically, businesses in the disinvest industry are losing money. Such companies need to be shut down or disposed of. The other components on which commercial enterprises rely for their existence and success are the owners, rivals, clients, authorities, and the community. A company's strategic decision is less adaptable the more dependent it is on these components. The variety of strategic options is so constrained. Interactions between the company and its surroundings lead to strategic decisions. Therefore, while different parties work to achieve their goals, strategic decisions are the outcomes that are discussed. The corporation is more reliant on the preferences of the majority power if one shareholder has a majority of the voting shares. However, there are also the decision-maker's subjective viewpoints in addition to the objective occurrences. Executives interpret the facts since they do not speak for themselves. Executives with distinct perspectives on the enterprises can govern two businesses with equal influence. The executives of one company see their

company as weak and reliant, while those of the other see their company as powerful. As a result, how much weight people place on the strategic options might vary. For instance, managers may reject a plan that calls for lower pricing to increase market share if they think their union can get higher pay and benefits than what their rivals provide. Diversification tactics are often used to reduce reliance.

Managerial Attitudes Toward Risk

The level of risk that the company, its investors, and management are willing to accept has an impact on the strategic option. The risk-taking attitude of managers may vary from accepting risk to being very risk-averse. The risk-averse individuals will likely choose only defensive measures with extremely minimal risk since they believe the company to be very weak. Risk attitudes may fluctuate and vary by industry, which is prone to fast change, and by environmental unpredictability. Executives must be able to accept increased levels of risk in sectors that are subject to fast change; otherwise, it will be challenging for them to perform.

The internal environment of the company may also alter risk perceptions. These internal factors might include how much is wagered on any one project, how much is wagered, and how much is lost. The perceived danger is also influenced by prior performance and financial stability. If you recently won, you could perceive future risk as being lower. Therefore, determining the possible acceptance of a certain strategic choice will be aided by the appraisal of the manager's perceived risk. The risk attitudes of the managers and investors will emphasize certain strategic choices and exclude others, to the extent that they have an impact on management attitudes.

Managerial Awareness of Past Strategies

The origin of a strategic decision is a previous strategy, which may afterwards entirely exclude certain strategic alternatives. The starting point of the procedure is the firm's current status. At this stage, it is important to consider if sticking with the current course of action will result in the accomplishment of the intended goals. The old technique will be used as long as the deficit is minimal. Additionally, managers that are dedicated to sticking with the approach will not consider other options. to [8]–[10].

CONCLUSION

A new strategy might be difficult to adopt because of the corporate cultures that were created to achieve the previous plan. It takes new patterns of resource allocation, conventions, communication, leadership, incentives, and other factors to change a company culture. Such adjustments will be necessary if a new approach diverges significantly from the previous one. It takes a lot of effort and time to transform organizational culture. Even the firm's previous reputation might make it difficult to launch a new strategy. Therefore, the firm's values and external impressions as a consequence of long-term commitments to prior strategies prohibit it from moving quickly into new growth sectors.

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An Overview of The Managerial Power Relationships

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***ABSTRACT:** People are aware that power dynamics play a major role in organizational life. In many businesses, the choice is made unanimously if the senior management supports it. The process of strategic decision-making sometimes involves personalities: The people the boss respects and likes have a significant impact on the decision-making process. Additionally, if "mistakes" are made, the balance of power may shift to lower-level leaders. Additionally, the CEO's influence matters. Personal objectives, aspirations, values, and motivation of the manager also have an impact on the strategy chosen. When a firm has a strong CEO, individual ambitions and organizational goals are intertwined throughout the strategic decision-making process.*

***KEYWORDS:** Decision Making, Delegation, Dominance, Empowerment, Hierarchy, Influence, Leadership*

INTRODUCTION

Politics and power undoubtedly also affect strategic choices. The relative merits of analytical, political, and intuitive methods to decision making depend on the significance of the choices, the degree of time constraint and uncertainty, and the decision maker's personality. The compromise between the aims is also influenced by the political influences from outside. Politics is always at play, even to the point of influencing goals and how analytic methods are used and perceived. According to, politics seems to dominate the process of making strategic decisions roughly % of the time. As a result, it is also necessary to assess the key managers' values and objectives.

If the planned strategy is not carried out well, its chances of success may be low. It is also unlikely that a politically unpopular technique would be effectively eradicated. Making strategic decisions involves considering the capabilities of players at lower levels as well. Naturally, senior managers make strategic decisions, but prior strategic decisions made by their subordinates limit the strategic option often taken into account. The option to hold or submit ideas for strategic change is up to the subordinates. By providing analytical evidence to back up their argument, they may also influence the decision. Additionally, plans must be put into action, and lower-level managers have the power to make or break an approach. Additionally, decision-makers must decide what kind of atmosphere they will work in. They can change environmental circumstances in massive organizations. The environment's perceived threats and possibilities, which influence strategic decision-making, are functions of the authority decision-makers exercise in light of ideological ideals. As a result, power extends options available to people and forces them to choose a certain course of action. The use and perception of power are essential. Workers' councils may sometimes have an impact on strategic decisions. Therefore, the political influence of insiders and outsiders may be significant in determining the strategic choice. To influence the creation of goals and tactics, coalitions grow.

The effectiveness of the timeliness of the choice and the time constraints have an impact on the strategic decision process and the quality of the decisions made. The deadline for making a strategic choice is often set by someone other than the management. The strategist sometimes needs to make judgments within deadlines set by others. Other times, the strategist has more time to gather options and make a decision. When there is a lot of time constraint, the strategist may not be able to gather enough data or consider enough options. Time constraints have an impact on the actual process of making strategic decisions. In the end, the desire to achieve a certain goal within a given time limit will more naturally influence the decision to choose a particular alternative strategy. [1], [2].

Selection of Strategies

The evaluation of strategic alternatives itself does not determine strategies to be selected for implementation. Johnson and Scholes suggest three ways in which strategies are selected.

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Selection against Objectives

The organization's quantifiable goals serve as the initial criterion for choosing future tactics. Because of this, the decision-making process revolves around evaluation methodologies. They should provide quantitative evaluations of the relative advantages of different options and suggest the best course of action. The goals and the approach sometimes need to be adjusted. The strategist must determine if the strategic alternatives align with the organization's stated goals.

Referral to a higher authority

The process of choosing a strategy often involves referring the issue to a higher authority for judgment. In many situations, managers who are tasked with evaluating plans may not have the power to make the final choice. In a similar vein, it's possible that the managers in charge of deciding on tactics weren't participating in the appraisal process. The manner in which the assessment findings are presented to top management is crucial for the choice of strategy. Senior managers may not have the necessary time or be willing to provide the specifics of the strategic review. They are more concerned with using their judgment of the issue based on the information at hand and also with picturing how various methods would align with the company's overall objective.

As a result, the assessment process highlights the extent of disagreement among top managers when making a strategic decision. In a diverse organization, the corporate, subsidiary, and service divisions all evaluate plans differently.

Partial Implementation

The final decision on a strategy can be reached by allocating a certain amount of resources to the partial implementation of one or more strategies. This allows the organization to gain more experience on the ground, improve its understanding of the suitability of each strategy, and later make a more informed decision about the strategies to pursue. The benefit of a partial implementation strategy is that it may often get approval at lower organizational levels. Senior managers, however, could deem it unsafe to provide such unauthorized experimentation in the firm too much freedom. [3].

Contingency Strategies

In first-generation strategic planning, strategists will choose to focus on a single set of strategic alternatives, whereas in second-generation or contingency methods to strategic management, they will choose to focus on numerous sets of alternatives. In more advanced strategic management, managers also create backup plans that they might consider in the event that circumstances change. Consideration of the contingency techniques begins when circumstances change significantly.

Different methods to strategic decision are given an additional dimension by a scheduled strategy or contingency strategy. It is difficult to modify a programmed strategy after it has begun to be executed since it is prepared in such a precise and integrated fashion. Choosing the preferred approach within the best estimate of the circumstances and other strategic options is necessary for a contingency strategy. However, it is flexible enough to allow for changes in the plan's direction when circumstances call for them. While first-generation planning results in planned tactics, second-generation planning leads to the development of contingency plans. Programmed planning is best preferred in stable workplaces with employees who value clearly defined roles. The contingency technique is suitable for situations that are dynamic and where individuals desire stimulation and variation.

The decisions an organization must make on its future and the ways it must react to the many factors and forces discovered in strategic analysis are referred to as strategic choices.The process of making a strategic decision essentially involves making a decision after formulating goals, coming up with alternatives, choosing one or more options that will help the business achieve its goals in the best possible way, and then putting the chosen option into practice. Paying close attention to options, the selection criteria, the evaluation of strategic alternatives, and the strategic decision are the four phases of the strategic choice process. Strategic analysis is concerned with a corporate body made up of a portfolio of firms at the corporate level. BCG matrix, GE nine cell planning grid, Hofer's matrix, and Shell Directional policy matrix are a few tools considered suitable for business portfolio research. The strategic decision is influenced by four management selection elements. These include the idea of dependency on the outside world, risk-taking behaviors, knowledge of previous business plans, and power dynamics. The strategies are chosen in accordance with the goals, referred to higher authorities, and partially implemented. Choosing the preferred method within the best estimation of the circumstances and other available options is necessary for a contingency strategy. [4], [5].

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You learned about how decision-makers assess potential strategies at the corporate and SBU levels to make sure that the objectives of the company are met in the best possible way in the previous unit. The options are whittled down in accordance with corporate goals, and the best course of action is then selected. If the business wants to narrow the gap between ideal and anticipated results, it must make more than simply a strategic decision. Converting a decision into reality requires proper implementation. To make the approach effective, the necessary structural and administrative processes must be put in place. You will learn about the use of strategy in this unit. To allow the organization to transition from the present condition to the intended state, strategies must be implemented. An excellent plan that is not adequately executed is useless. Organizational goals can only be achieved by properly implementing tactics.

DISCUSSION

The Board of Directors is only often engaged when significant organizational changes are necessary, such as when a new CEO must be appointed, when significant structural changes must be made, or when significant resource allocation choices must be made in the event of mergers or capital investments. Top corporate level managers often participate in goal-setting and strategy creation, and they are crucial in fusing the corporate level strategy with the SBU level plans. With SBU managers, they bargain often over resource distribution. As a result, the distribution of resources is essentially the responsibility of senior corporate managers and heads of SBUs.

After fundamental choices are made, a strategy is put into action by the organizational hierarchy. The senior executives of SBUs are informed of decisions/options taken at corporate headquarters. The SBU's senior managers then decide which precise techniques to use in their organizations. The procedure is facilitated by the corporate planning team. For professional advice, consultants may also be commissioned. Thomas J. Peters and Robert H. Waterman, two former McKinsey consultants, have developed a framework of linked characteristics that affect an organization's capacity for change. The absence of hierarchy among these aspects implies that it will be difficult to make considerable success in one area of the organization without focusing on the others. [6], [7].

The researchers discovered that implementation issues were the main issues with strategies. The seven characteristics, or the sevens, must complement and match the plan.

Elements of the 7s The seven interconnected factors are divided into "hard" and "soft" components. Hard Elements: Systems, Strategy, and Organization Shared beliefs, skills, style, and staff are examples of soft elements. Hard Components "Hard" aspects are simpler to define or recognize, and management may exert direct control over them. which are System Structure and Strategy Soft Components On the other hand, "soft" characteristics might be more difficult to define since they are less concrete and more influenced by culture. If the company is to succeed, these soft features are just as crucial as the hard ones. These are: Staff, Skills, Style, and Shared Values.

The center of the paradigm that connects everything is called "Shared Values." It displays the organization's common vision and core values. The shared values are highlighted as being crucial to the development of all other key aspects by placing them at the center of the model. The organization's founding principles and core values are reflected in its structure, strategy, operating procedures, organizational culture, personnel characteristics, and skill set. The founders' ideals helped shape the company's initial concept. All the other components change along with the values.

By allocating valuable and limited resources to complete the objective and set of goals, strategy is the overarching framework used to create and retain competitive advantage. The relationship between the various organizational units is referred to as the structure. The structure is described by the hierarchy of who reports to whom. The organization's members follow a system of guidelines, processes, daily tasks, and norms in order to do their job. Style describes how important managers and leaders behave while working to accomplish corporate objectives. Finding, employing, developing, and retaining suitable individuals for the business is the core function of staff. The term "skills" refers to the distinctiveness and individuality of the workers or the company as a whole. These distinguishing abilities have made the company well-known. A company may be referred to as a management consultant or an engineering business, for instance. This shows the unique abilities of the organization's members as a whole. [8], [9].

The process of implementing a strategy is not as easy and straightforward as some decision makers may believe. The individuals in charge of carrying out plans may make decisions based on their perceptions of the situation, their prejudices, and their preferences. For instance, a new manager may adopt a procedure

that was successful in his previous organization, or the CEO can introduce a brand-new implementation model that all employees are required to use. Consultants with their own tools and philosophies may step in to help. Complex theoretical models may excite certain managers, or someone may feel inspired to develop something entirely new.

Most supervisors are unable to comprehend the procedure. Your strategy may be excellent, and your preparations for implementing it may be flawless, but if your management don't understand it, it is useless. Ownership of the strategy implementation process is often unclear. There are numerous distinct supervisors handling the duties. In big firms, the finance department, human resources, the strategy coordination team, internal consultants, various program management offices, and last but not least, the managers themselves, may be given ownership and accountability for execution. Due to this dispersion, the global implementation process lacks ownership. The majority of businesses don't coordinate the many participants' activity. They operate alone.

In addition to the absence of ownership, another drawback is the lack of global process visibility. Strategy Execution as an activity doesn't often come up in boardroom conversations, but separate, stand-alone items like budget negotiations for new strategic initiatives, Key Performance Indicator evaluations, or the selection of a new development program do. People fight against change. They feel at ease with the current practices and often get anxious when anything changes. This is particularly accurate when altering the method used to execute a strategy. Executing a plan is not a quantifiable procedure. Today, the majority of businesses track and measure practically everything. Each department of the company has its own kpi. But the actual method of putting a plan into action is still a mystery. Other difficulties include issues about funding distribution and the implementation expenses, which are often left unresolved.

The process of implementing a plan is often unbalanced. Managers like to concentrate on tasks they are already quite adept at. Business operations are uniform. Organizations focus on the more developed strategy implementation process phases while ignoring the less developed ones, resulting in a significant divergence between the various strategy implementation processes. The process of putting a plan into action is often highly costly. Most businesses do not benefit from outsourcing certain tasks. Furthermore, by spending time on activities that are either unnecessary or very inefficient when done a given manner, most manager's waste time and, therefore, money. The process of implementing the approach may turn into a political minefield if too many individuals attempt to maintain their employment by increasing the level of complexity. Despite the lack of a detailed description of the strategy implementation process, there is broad agreement among experts on the activities and systems. The next several steps very much outline the procedure in that sequence. Requirements for implementing a plan

Top management often uses collaborative/participatory forms of leadership to drive successful implementation. People adopt strategies, therefore you need their dedication. Some of our strategies and actions that make up your selected approach are really outsourced to people with stronger core competencies that bring value. Because of the enthusiasm that follows selecting a strategy, planning for strategy execution is sometimes neglected. Planning is necessary at this crucial phase. At this point, having an implementation strategy is essential. It must be consistent with the tactics used in that strategy as well as the general processes for successful strategy implementation. What's within; what tasks need to be completed; when and by whom will they be completed? What resources are necessary? What metrics will be used to measure performance? Key Result Areas, Objectively Verifiable Indicators, and Methods of Verification and Evaluation. The calendar of strategies, activities, and actionable stages in this implementation plan may then be used to create coherent and integrated work plans. If you make the incorrect strategies or work plans, even a smart strategic decision might end in failure..

The process is not necessarily a sequence of activities but all the aspects and activities are closely interrelated and interdependent.

1. Clearly define the strategy and convey the enterprise's quantifiable goals.
2. Establish important managerial duties. New goals and initiatives within the organization result from a new strategy. Every action must be evaluated for its applicability to the new plan.
3. Assign/delegate duties and authority. If necessary, restructure or alter the current structure. Create a system for collaboration and coordination.
4. Give Strategic Business Units resources. Align performance with budgets. Your

capital budgets should ideally be decentralized so that each division may distribute and oversee the resources to carry out the strategic ambitions of the division.

5. Clearly define the responsibilities and objectives of management. Structure comes after planning. Structure may need to change as a result of a transformative approach. Does the organizational structure of your company enable the strategy to effectively and efficiently cascade up and down the organization? Organizations that attempt to cram a new strategy into an antiquated structure ultimately run into trouble implementing their new strategies.
6. Choose performance metrics. Performance metrics should be compared to strategic objectives for the whole organization, each division, and each employee. Every employee will perform duties that have an influence on strategy. The majority of employees will contribute to many strategic objectives. Make sure staff members are aware of their contribution to and impact on the performance of the plan. Incentives for performance should also be directly related to how well a plan is working. To ensure that employees understand their direct and indirect effects on strategy success, they should incorporate a variety of individual, team, and corporate performance measurements.
7. System for Refined Information
8. Managerial training and development: Strategy entails adjustment. The propensity of people is to reject change because it is difficult. Therefore, obstacles will arise no matter how insightful and motivating your new strategic vision is.
9. Install safety measures. In order to react to changes in both our internal and external surroundings, strategies must be flexible and adaptive. Regular strategy meetings throughout the year should be conducted to evaluate efforts and direction for performance and strategic relevance. Evaluate outcomes, determine gaps and take corrective action [10].

CONCLUSION

Strategic evaluation is an assessment process that gives executives and managers information on how well projects, initiatives, and other activities are meeting their organization's goals and objectives. Of course, the decision-makers want to guarantee that the strategic option is carried out correctly. Due to the fact that it sheds light on the success and efficiency of the comprehensive plans in producing the intended goals, strategy evaluation is just as important as strategy design.

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An Overview of Significance of Strategic Evaluation in Performance Target Setting and Benchmarking

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ABSTRACT: The creation of new strategic planning, the need for feedback, evaluation, and reward, the development of the strategic management process, determining the viability of strategic decision, etc. are just a few of the reasons why strategic evaluation is important. Identify Performance goals, benchmarks, and tolerance restrictions- Strategists must decide what standards to establish, how to set them, and how to convey them when setting the benchmark. It is crucial to learn about the unique criteria for carrying out the primary work in order to establish the benchmark performance to be used. It is therefore possible to choose the performance indicator, which will be used for assessment, that best identifies and expresses the unique needs. The company may evaluate performance using both quantitative and qualitative factors. Calculating net profit, ROI, earnings per share, production costs, staff turnover rates, and other quantitative metrics are among the quantitative criteria. Subjective assessments of variables like skills and abilities, risk-taking propensity, adaptability, etc. are included in the qualitative elements.

KEYWORDS: Benchmarking, Evaluation, Performance, Setting, Significance, Strategic, Target

INTRODUCTION

Performance measurement: The benchmark performance serves as a basis for comparison with the real performance. Performance management is made easier by the reporting and communication tools. Evaluation of a plan is made simpler if the relevant criteria are specified and the right tools are available for monitoring success. However, other elements, including the manager's involvement, are difficult to gauge. Similar to individual performance, divisional performance may also be difficult to gauge. As a result, flexible goals must be developed in order to assess performance. The assessment will not serve its goal if the measurement is not performed at the appropriate time. Financial statements like the balance sheet and profit and loss account must be created annually in order to measure performance.

Analyzing Deviations

There may be variations that need to be evaluated when measuring the real performance and comparing it to the standard performance. The degree of tolerance limitations within which the difference between actual and expected performance may be acceptable must be mentioned by the strategists. Positive deviation indicates higher performance, although consistently surpassing the objective is highly exceptional. Because it shows a performance gap, the negative deviation is a reason for worry. Therefore, in this scenario, the strategists must identify the root causes of deviation and implement corrective measures to eliminate them.

Implement changes and improvements/take corrective action - It is critical to design a remedial action as soon as the performance discrepancy is discovered. If the performance repeatedly falls short of the intended performance, the strategists must do a thorough investigation of the contributing variables. The criteria must be decreased if the strategists find that organizational potential does not fulfill performance needs. Reformulating the strategy is another uncommon and harsh corrective measure that necessitates returning to the strategic management process, reshaping plans in accordance with new resource allocation trends, and as a result, necessitates returning to the strategic management process's starting point.

Criteria for Evaluation

Both objective and subjective criteria may be used to establish evaluations. The evaluation's goal will determine the criteria to be employed. For the aim of

evaluation, quantitative or qualitative methodologies may be utilized.

Quantitative Criteria:

The firm's present performance is compared to its historical performance or that of its rivals in order to assess the success of strategy. This comparison includes metrics like earnings, dividends, stock prices, and return on capital, market share, sales growth, and cost of production, distribution expenses, staff turnover, and others. There might be a lot more variables. Therefore, the company must very clearly describe the crucial success criteria that are responsible for either corporate success or the successful execution of a plan. These criteria need to be quantified in order to determine if a certain success factor is being met.

Qualitative Criteria:

1. **Consistency:** Knowing if the comprehensive and integrated strategy is in line with the goals, environmental assumptions, and internal circumstances is crucial. The objectives must be aligned with social responsibility, and the performance requirements must be connected to crucial success elements. Assessing the plan's ability to take full advantage of both local and global prospects, as well as its ability to keep up with technical advancements via R&D and manufacturing, is necessary to ensure that it is compatible with environmental assumptions. Coordination of processes, rules, and the distribution of resources [1], [2].
2. **Appropriateness:** Strategic choice needs to be evaluated against appropriateness regarding resource capabilities, risk preference and time horizon
3. **Workability:** It is important to comprehend whether the comprehensive plan is:
4. **Feasible:** in terms of the resources on hand and managerial skills. The strategy must be realistic and doable without creating problems along the road that may not have a fix.
5. **Stimulation:** Managers and executives need to be committed to the overall strategy and have confidence that it can be executed effectively. Before a new strategy is put into practice, all of the aforementioned qualitative requirements must be satisfied. The strategist may reevaluate the strategy, tweak it, or look into alternatives that are more appropriate for the company if there is not enough agreement on one or more of these concerns.

These requirements essentially check to make sure that every part of the process has been properly integrated. To properly execute the plan, execution must be monitored and assessed. The control system is thus the third essential organizational component in the process of implementing a plan. Two issues are the focus of strategic control: Is the approach being applied as intended? And is it bringing about the expected outcomes? Strategic control, which includes monitoring strategic progress, assessing deviations, and taking remedial action, is hence crucial. The main duties of strategy implementation are these. In order to detect deviations and the causes of variation and to take corrective action, timely information must be produced and used in the final stage of review and control. Performance must be rewarded if everything is going as planned. [3], [4].

Allocating resources, organizing, assigning duties to important management employees, establishing rules and procedures, and putting in place a system that will stimulate, evaluate, and regulate a plan are all integrated into the implementation phase. Strategists must make judgments on how to distribute resources across different divisions and departments. Corporate level budget planning is done to support organizational objectives.

Individuals and groups are assigned tasks, and processes are laid up so that every aspect of the organization operates in close collaboration and coordination. Changes in present leadership are made, suitable leadership styles are developed, and a supportive atmosphere is created in order to execute leadership. Evaluation is the penultimate stage of the strategic management process. Top decision-makers make sure that strategic decisions are executed correctly and that the company is on pace to achieve its goals. At both the corporate and SBU levels, evaluation and control occur. Evaluation criteria are both quantitative and qualitative. In order to take corrective action, the control process includes a number of criteria, performance management, feedback, and performance deviation evaluation.

You learned about how strategies and policies are implemented by choosing the appropriate collection of

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programs and procedures in the previous course. You will learn how to effectively weave strategy and structure together in this unit. There are many different structures that may be used to organize an organization. These are primarily divided into federal and unitary structures. There is a composite office in a unitary structure, and because the units in this business segment produce comparable or related goods, the organizational structure is rather straightforward. However, the federal structure is split into a number of logically connected but sometimes unrelated groups that are semi-autonomous or quasi-autonomous in nature. In light of this, organizations design structures for them based on their strategies, and sometimes they develop strategies based on their structure. [5], [6].

A company's organizational structure plays a significant part in developing and carrying out its strategy. Between the firm's organizational structure and strategy, there should be agreement and harmony. They need to be working in unison perfectly. A suitable and relevant organizational structure is necessary for the effective execution of a plan. The nature of the industry, firm size, industry competitive position, market and economic characteristics, economic and industrial position, human resources available, core competency of an enterprise, and other numerous factors that interact with one another over the short and long term are just a few of the variables that affect how an organization is structured. The mechanism that divides and further divides tasks, roles, and activities to establish an organization's hierarchy is called the organizational structure. An organization's organizational structure defines how its operations will be carried out and gives it form. Additionally, it will describe the human resource's conduct and their accountability. In a nutshell, the organizational structure directs how each component of an organization behaves inside its framework.

Let's now examine how writers and management professionals describe the organizational structure. According to Prasad, an organizational structure is a pattern in which different sections or components are integrated and interrelated. It is a pattern of connections between different organizational sections or components. The links between different tasks and roles are outlined in this. The interactions between the individuals in the organization make up the structure since these roles are held by different people.

Organizational structure, according to Dalton et al., is as follows: "Organization structure" refers to how roles, connections, and activities are differentiated and integrated within an organization. Differentiation refers to the disparities in formal structure and cognitive and emotional attitudes among managers in various functional areas. Integration is the quality of the condition of cooperation needed to meet the organization's goal of unifying its activities. The arrangement of the tasks and subtasks necessary to carry out a plan is referred to as the organization structure, according to Kazmi. Organizational charts are a possible diagrammatic depiction of structure, however, they only display the ‘skeleton'. The many systems that maintain the structure are the "flesh and blood" that give an organized life.

To assign responsibilities for various functions and processes and to depict the relationships among the workgroups so created, an organization's structure thus specifies how various tasks should be grouped to create departments, branches, workgroups, and units. As a result, numerous contextual aspects need to be systematically examined for creating a flexible, creative, and responsive organization to establish a sustained competitive advantage for plan execution. Effective strategists strive to divide tasks and responsibilities into meaningful groupings without duplicating efforts and take into account all the minute details of tasks carried out to adequately reinforce the strategic direction among the levels.

Many other organizational structures may be recognized, but the following are the typical organizational structures that will be covered in this course and explored in the context of strategy selection and execution. This is the most basic kind of organizational structure and is suitable for small businesses and units. The sole owner, who serves as both the manager and owner of the business, has complete decision-making power. As a result, the owner or entrepreneur is in charge, giving the structure its flatness. Because of the minimal degree of subtask distinction provided by this flattened structure, activities are actively, quickly, and efficiently coordinated. This framework facilitates fast adjustment to changes and difficulties. However, when an organization becomes bigger, these structures lose this quality.

When an organization's size and population began to increase, a functional structure was established, and as a result, the many functions that are carried out are grouped according to common traits and areas of competence. Production and operations, human resources, marketing, finance and accounting, engineering, research and innovation, information technology, etc. are the functional divisions that have been categorized in this way. This organization makes

the most of economies of scale and specialization. This organizational structure is often used by businesses pursuing stability and growth. [7].

DISCUSSION

An extra level of management based on specific divisions is developed as a company extends its activities. Such structures make spontaneous responses to environmental changes more powerful because of cooperation among the smaller components. Each unit is complete in and of itself and has all it needs to operate on its own. Each unit is run by an executive, who is in charge of allocating resources like money and labor. Basically, these divisions are made based on the goods or the locations, and sometimes based on the product lines or the clients serviced. Each product division has its own functional structure that is often tailored to a diverse consumer base and diverse competitors in the case of product division. Regional offices are handled differently when there is geographical division of labor.

A strategic business unit is a division of a company that is treated differently for strategic purposes. SBUs are logical divisions of a company's operations based on factors like product kind, geography, profit, etc. The units creating recognizable, distinctive items that compete with comparable products elsewhere are referred to as these. Additionally, they are described as autonomous profit centers. Internally focused, they often emphasize segmentation, cost leadership, and product differentiation. Similar operations, markets, and technology are grouped together in homogeneous groupings in the SBU organization. Additionally, the framework supports the SBUs' collaborative efforts in attaining their objectives. The company level strategies, which may vary depending on the type of activities, regulate the strategies in various SBUs. Even yet, every SBU has unique business and functional level strategies for leveraging the resources with the goal of gaining a competitive edge. These SBUs are managed independently for strategic management purposes, allowing them to maximize a company's earnings by using their skills, core competencies, technology, and resources.

The combination of two or more organizational structures is known as a matrix structure. In essence, it combines divisional and functional frameworks. Construction, aerospace, marketing, information technology, etc. all often employ this framework. It combines project groups with organizational divisions like marketing, finance, people, and operations that already exist in functional structures. As a result, depending on the structure of the company, functional experts from different divisions are assigned to each project on a temporary or permanent basis. As a result, each functional expert may answer to two managers: their regular functional manager and the project team leader. According to Prasad, this structure is a reality of two-dimensional structures that immediately arise from the authority's two dimensions. Pure project structure and functional structure, which are two complementing structures, are combined to form matrix structure. Additionally, Davis and Lawrence have provided a highly structural explanation of matrix topologies as;

Matrix Organization= Matrix Structure+ Matrix Systems + Matrix Culture +Matrix Behavior

It is essential that differentiation be strong in the presence of environmental uncertainties and changes, and a matrix structure is most appropriate in these circumstances. However, it is complicated since there are both vertical and horizontal flows of power and communication, creating a matrix. It is often used in big, multi-project businesses where staff may be relocated as needed. [8].

Advantages

1. This structure is ideal for situations when workloads fluctuate.
2. It enables people to use their abilities in a variety of contexts where they are highly appreciated and required.
3. It encourages the team members' drive and inventiveness.
4. This structure encourages efficient resource usage and sharing between projects and divisions.

Such structure is extremely dynamic as it supports movements more readily across the boundaries, creating a good, cooperative, work environment.

Disadvantages

1. Such structure mat creates confusion and conflicts between Project Heads and Functional Heads.
2. It fosters narrow point of view from the end of management.
3. Quick decision making is not possible and in some cases may increase costs.
4. Ambiguity exists in the chain of command for individual team members.
5. Workloads are quite high in such structure as employees have to look after the project as well as their functional department.

Network Structure

Modular or virtual structure are other names for network structure. This business partners with other businesses that specialize in doing certain tasks, such as production, distribution, marketing, research, logistics, accounting, etc. In a virtual organization, complementary resources from many cooperating firms are kept in place but merged to support a specific product endeavor for as long it is necessary.

'Business processes' in virtual companies are spread. One or more companies working together might "own" these processes. Resources are constructed for a particular project in order to carry out a business process on behalf of the project owner, and they are dismantled after the contract is over. Therefore, with this organizational structure, the company outsources the key operations to the specialist businesses, allowing the corporation to benefit from scale economies and specialized services for the key tasks. As a result of the network structure, the head office needs fewer employees and resources, but thanks to the outsourced facility, the company is dispersed in far-flung locations with specialized workers acting as outsource agents. [9].

Advantages

1. The company's core skills are maintained. An organization might concentrate on its areas of expertise.
2. These businesses are very responsive to environmental changes.
3. This kind of structure helps the company save money and provides it with more flexibility.
4. Because there are fewer employees, this structure eliminates over-depart mentation at different levels.
5. Network organizations may promote learning by encouraging workers to combine their expertise and information.
6. These businesses are very adaptable.

Disadvantages

1. Such organizations may experience a lack of coordination among outsourced units.
2. Overspecialization of work may result in extraordinary delays in achieving goals and targets.
3. Conflict may rise between the central office and outsourced units.
4. Secrecy of the internal operations and matters are not possible.
5. Such organizations are heavily dependent upon the other organizations.
6. Network structure is more agile than other structures [10].

CONCLUSION

Activities are categorized in the Product Team Structure according to the goods or services. According to the product lines used, the functional units are categorized. Strategies are especially outlined in such a framework for product groupings and divisions. All tasks and activities are categorized geographically in a geographic framework. It arranges the functional system and reporting across several sites. The majority of big national and international enterprises, including retail and hotel chains, the transportation sector, and other industries with widespread geographic operations, adopt this structure. The Indian Railways is separated into four zones: the eastern, western, northern, and southern ones; as a result, this is an excellent illustration of this kind of organization. When businesses want to diversify and expand domestically and globally, this structure is helpful.

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An Understanding the Divisional Structure in Corporate Organizations for Unrelated Diversification

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ABSTRACT: ***The corporate entity in the core of such an organizational structure, which is similar to the divisional structure, governs the numerous divisions and businesses, most of which are unconnected. Every subsidiary company under the parent company has a unique functional structure. The majority of the time, it is acceptable when businesses diversify their offerings of goods and services in unconnected ways. Each company has a unique strategic advantage profile, hence these divisions and businesses are granted autonomy in operations and management. The primary benefit is the ability to pool together the capital of the holding and subsidiary firms as needed. This feature allows the business to take on large-scale initiatives to increase its profitability. If they operate in the same industry, competition between holding and subsidiary firms may be eliminated. Due to their extensive operations, these businesses may see economies of scale.***

KEYWORDS: ***Business Capital, Corporate Entity, Divisional Structure, Functional Structure, Profitability, Subsidiary Company.***

INTRODUCTION

Numerous studies have shown that strategy may be executed successfully with an appropriate and well-crafted organizational structure. Many times, the structure has to be reviewed with a set of well-planned tactics, or sometimes, strategies need to be constructed in light of the current structure. As a result, these two complement one another and have been tightly braided together. There should be a careful alignment of strategy and structure since structure must support organizational strategies. Structure entrusts people, processes, activities, culture, technology, and other crucial resources of an organization. It explains how duties and responsibilities are distributed among the many parts, divisions, and workers. For an organization to obtain a strategic edge over its rivals and, from a larger view, so that it can accomplish its purpose and objectives, the company's structure must be carefully created and customized. Assessment of environmental factors is necessary for strategy and structure alignment since these factors affect the scale of operations, divisions, activities, products, and client bases. Furthermore, the interaction between strategy and structure is a two-way process. Although strategy may not always impact structure, it often does so when making choices. If a business takes into account organizational structure while developing its strategy, it may benefit from synergistic relationships and achieve outcomes.

In his renowned book "Strategy and Structure," Chandler Alfred examined US corporations from 2009 to 1959 and determined that structure always comes first. His seminal work demonstrated how adjustments to strategy, namely diversification of the products and markets, necessitated modifications to the structure, notably visualization. He said that when linked activities are coordinated and unrelated ones are separated, the best outcomes may be attained at the lowest cost. Later, Germany, France, and Britain corroborated this. Rumelt asserts that a firm's success is influenced by how it is a strategy and organizational structure align. The strategy was evaluated in the previous section in terms of market breadth, either as diversified or undiversified, while the structure was evaluated primarily in terms of its divisional zed or departmentalized shape and kind of controls.

In their recent "Review of Organization Strategy and Structure," Oke and Ajagbe discovered that in order to properly execute strategies, the right structure should be in place or current structure should be modified. They discovered that the strategy and structure are interconnected and that one is necessary for the other to work properly. They said that the business would suffer if strategy and structure are not properly matched. As a result, if an organizational structure

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changes, strategies must also adapt to the new structure and vice versa. If businesses are unable to maintain this strategic fit, they will be unable to respond to external threats and will thus be vulnerable to internal inefficiencies.

The same has been mentioned about how businesses continuously adapt and improve the methods by which they accomplish their goals by rearranging the roles and connections in their organizational structures as well as their management procedures. While ineffective businesses struggle with these structural and procedural mechanisms, efficient firms build mechanisms that support their market strategy. Galan and Sanchez-Bueno determined that strategy leads structure and structure leads strategy, but that the former is stronger after evaluating data from 1993 to 2003 in the context of Spanish firms. [1], [2].

Research has so shown the close connection between strategy and structure. Additionally, it is crucial that all tasks and activities be recognized before an organization's structure is designed. The manager should then investigate how these tasks and activities relate to one another in terms of values. Functional structure is very supportive of company level strategy. Centralized functional structure is necessary for cost leadership approach. Focus techniques are suitable for small businesses. For the following techniques, the following structures are often used. Let's look at a few instances of the organizational structures used by businesses throughout the world. One of the biggest coffee chain companies in the world is Starbucks Coffee Company. The effectiveness of the organization's organizational structure is one reason behind the company's leadership in the sector. The organizational structure of Starbucks is a matrix, which combines elements from many distinct forms of organizational structure. Functional structure, geographic divisions, product-based divisions, and Teams make up the organizational structure of Starbucks Coffee the most important components. The practical feature aids the business in proper top-to-bottom monitoring and management. Divisional organization for the Americas, Europe, the Middle East, Russia, and Africa. Focusing on product lines is made easier by the product organization framework. The organization is able to provide clients value because to its team structure.

Businesses like Coca-Cola have created flexible organizational structures that, where feasible, promote cooperation. Apple's organizational structure has made it easier and more common to absorb innovation. This has aided the business in developing top-notch new IT-based items like the Apple Watch. The Spoke-and-Wheel Hierarchy, Function-based grouping, and Product-based grouping are the three most important aspects of Apple's organizational structure. The organizational structure of Amazon.com Inc., in contrast, is built on global function-based groupings, a global hierarchy, and geographic divisions.

Let's look at a matrix structure example now. As the whole organization is split up into functional business areas including exploration, drilling, operations, and technical, ONGC adheres to this organizational structure. Common service departments assist these organizations. As a result, ONGC now has a matrix organizational structure with administrative and functional hierarchy, making it one of the nation's most effective businesses and the top Mahanavaratna PSU. [3].

Visa is not like a typical corporation; it is a well-known brand name globally. Its creator refers to it as an "invisible organization." It is renowned for the worldwide network of independent card issuers that works together to provide card users with a smooth and trouble-free transaction experience. The originator, Dee Hock, also used the word "chaordic organization," which refers to a combination of chaotic and orderly structure. Thus, the age of cooperation has begun in the current situation when political barriers have fallen. According to Friedman, in the "flat world," cooperation inside and between businesses will be used to do an increasing amount of business. No one company or department will be able to fully grasp the next levels of value generation by itself, whether it is in technology, marketing, biomedicine, or manufacturing. As a result, virtual organizations will start to take shape in the future. The world is becoming more flat, and organizations are starting to adapt. Companies must create strategies to take advantage of the new opportunities and meet the new needs as a result of the globalization of society and the emergence of virtual organization, cooperation, and network structures.

Organizational systems take a comprehensive view of the organization, taking into account the roles and responsibilities of each unit and subunit. The aim is to see the organization and how it interacts with the environment as a collection of systems, and to examine the connections between those systems in order to understand how they impact the whole company. Internal corporate processes may sometimes enhance or often undermine the overall connection, but this has to be examined from a holistic standpoint in order to undertake the necessary analysis. All of

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these internal systems should, however, be in line with the goal and vision of the company. Each system inside an organization is made up of parts and subsystems that interact and help the company achieve its ultimate goals. [4].
The entire organizations systems are divided into six broad categories, these are;

1. Information Systems
2. Control Systems
3. Appraisal System
4. Motivation System
5. Development System
6. Planning System

1. **Information System:** This is a system for gathering, organizing, storing, and communicating information. This is important information because managers need information at different levels to carry out their duties, analyze business-related issues, develop strategies, and provide technology support for all departments and divisions. In particular, the role of MIS is to design an organization's information and technology systems so that the flow of information gives managers an advantage in formulating all types of decisions, including tactical, strategic, and operational ones. Building effective corporate levels strategies is aided by powerful decision support systems and executive support systems. For prompt and innovative action, strategies like diversification and retrenchment need substantial informational assistance.
2. **Control System:** Through control, a manager tries to focus an organization's efforts on achieving the goals and benchmarks. Control systems include clearly defined control processes and stages that are meant to lead an organization toward certain objectives. It guarantees that actual outcomes correspond to the established criteria or objectives. The design, implementation, and use of management planning and control systems that place an emphasis on organizational structure or relationships as well as a process or collection of managerial tasks are specifically referred to as management control systems. According to Kazmi, although plans like growth call for long-term efficiency, they are more successful with less formal restrictions than those that aim for short-term operational efficiency, notably stability.
3. **Appraisal System:** The appraisal system aims to evaluate managers' performance in terms of reaching corporate objectives to ensure successful strategy execution. An evaluation system aids in wage calculation, performance incentives and rewards, management development, training, promotions, and transfers. How successfully a performance assessment accomplishes its strategic goals may be used to assess its efficacy. Cost leadership, differentiation, and stability initiatives need a strict evaluation mechanism to help them achieve their intended goals.
4. **Motivation System:** The Motivation System is important for energizing and activating behavior toward strategies adopted. It inspires employees across various units and sub-units towards the process of strategy development and implementation to orient their mindset toward a strategic way of thinking [5], [6].
5. **Development system:** The development of executives and human resources is done systematically using the Development System. The system strives to provide a program and growth chances for its current and aspiring managers in order to increase knowledge, skills, and performance of the human capital. Two important operational elements are management development and organizational development. The goal of management development is for the manager to master the 'core' or operational parts of managing, such as the procedures for planning, carrying out, prioritizing, and controlling. The long-term effort to guide, empower, nurture, and improve an organization through changes to policies, power, leadership, control, or job redesign, with a focus on the culture of the organization, is known as organizational development.
6. **Planning System:** Instead than emphasizing execution, this system concentrates on developing strategies. It mostly focuses on using strategic planning and resource mobilization to influence a company's fortunes. Determining the organization's goal, creating policies, picking tactics, and putting those ideas into practice are its main concerns. Its focus is on selecting the tactics to use in order to accomplish the organization's objective and vision.

DISCUSSION

This section taught you the importance of organizational structure in developing and carrying

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out strategy. Between the firm's organizational structure and strategy, there should be agreement and harmony. You learned that functions, core competencies, important outcome areas, and crucial activities should all be taken into consideration when designing an organization's structure. Structure and strategy should work together so that they may support each other effectively. As strategies change, so should the organizational structure to achieve the desired results. Reorganizing structures following the developed methods aids in improvement, collaboration within the groups, and the infusion of synergy at all levels.

You will study about behavioral factors including organizational culture and strategic leadership in this lesson, which subtly affect employees' behavior. Leadership has been regarded as one of the most significant factors impacting organizational performance and plays a crucial role in determining the success or failure of an organization. Additionally, changing values is usually necessary for strategy implementation. If the current numbers do not satisfy these conditions, a certain strategy, let's say one of growth, may not be the best option.

Strategic thought either thrives in conversation or perishes from writer's cramp David Moore. The process of altering a company with the aid of its employees in order to place it in a certain position is known as strategic leadership. Therefore, strategic leadership involves two different elements. First off, it radically transforms the organization, including its size, management techniques, culture and values, and people, making it distinctive and offering exceptional opportunities. The second strategic leadership process focuses on people because they are the means through which different inputs, like as the physical and financial resources of the organization, are transformed into outputs that are valuable to society and advantageous to the business. Consequently, the following are the stages for strategic leadership:

1. Effective strategic leadership focuses on maintaining the vision and objective in mind. It is less focused on cost-benefit analysis with regard to organizational efficiency.
2. Strategic leadership is crucial for the transformative component, therefore transformational leaders start to appear in the organization. The set of skills known as transformational leadership enables a leader to see the need for change, develop a vision for that change, and then successfully implement that change.
3. Strategic leadership encourages and motivates individuals to cooperate toward a shared objective.
4. Strategic leadership puts more emphasis on the outside world than the inside. This emphasis on the outside world aids the organization in connecting with its surroundings.

It is quite noticeable how important effective leadership is to the success of a strategy. It has been frequently noted that leadership plays a crucial part in determining whether an organization succeeds or fails, and it has been regarded as one of the most crucial factors impacting organizational performance. The manager views leadership as the commitment to action necessary to achieve the organization's goals and objectives. [7], [8].

Sziglayi and Wallace have proposed an integrated model of leadership based on the trait, behavioral, and situational theories, which represent three distinct theoretical perspectives on leadership. Four components are included in their integrative model of leadership, which behavioral scientists and working managers may use to try to understand the phenomena of leadership. These four elements are the leader; the subordinate; the environment; and the results of performance. As noted above, leadership has proven to be a difficult notion to define. Nevertheless, the many explanations for the phenomena of leadership have improved our knowledge of the subject and shed light on its complexities. Theoretically, there are many inferences that may be made about how schemers could execute leadership.[9]

On the basis of its present state of knowledge, it can be said that the leader must;

a. Develop new qualities to perform excellently
b. Be a visionary, willing to take risks, and be highly adaptable to change exemplify the values, goals, and culture of the organization, and
c. Be aware of the environmental issues affecting the organization
d. Pay consideration to strategic thinking and intellectual activities.
e. Adopt a collective view of leadership in which the leaders influence is isolated across all levels of the organization.

f. Lead by authorizing others and place an increasing emphasis on statesmanship
g. Adopt a new perception on power to build subordinates. Skills and confidence to make them agents of change

Create leadership at lower levels and facilitate the alteration of followers into leaders.

Another factor that influences strategy implementation is organizational culture, which creates a context for employee behavior. Although there are several perspectives on how to develop an organizational culture, in general, it is described as a set of standards that everyone in the company adheres to. The following are some examples of how organizational culture has been defined.

“Organizational culture is the set of assumptions. Beliefs, values and norms that are shared by an organization’s members. Thus, there are two types of elements which define the culture of an organization: abstract elements and material elements.

1. Abstract elements are internally oriented and include values, beliefs, attitudes, and feelings.
2. Material elements are externally focused and include building, personnel dresses, products, etc.

Vijay Sathe has demonstrated some common things to exhibit the components of organizational culture:

a. Shared things
b. Shared saying
c. Shared actions
d. Shared feelings

There are three factors that seem to contribute to the building up of a strong culture. A founder or an influential leader who established desirable values, a Sincere and dedicated commitment to operate the business of the organization according to these desirable values, and a genuine concern for the well-being of the organization’s Stakeholders

Impact of Culture on Corporate Life

Organizations' capacity to carry out strategic management is impacted by how strong or weak their culture is. Culture is crucial in establishing connections with the environment of the firm and its goals, and it also has an impact on the management. Culture is like a coin that has two sides: a strength and a weakness. As a strength, culture may help with collaboration and dedication as well as communication, control, and decision-making. Culture may be a problem because it fosters opposition to change, which can make plan execution difficult.

When there are several subcultures, few common values and behavioral standards, and few traditions, an organization's culture could be considered weak. Employees in these organizations lack a feeling of commitment, loyalty, and identity. These people make a living rather than being members of an organization. Organizations with a poor or unhealthy culture exhibit a number of characteristics. Some of them include a political workplace culture, resistance to change, encouraging bureaucracy over innovation and entrepreneurship, and a refusal to seek outside the business for best practices.

The execution of strategy, which entails finishing a number of distinct procedures, is one of the many organizational processes that are impacted by organizational culture. Corporate culture, in particular, has an impact on the following organizational dimensions:

1. Objective Setting

People give culture form, and people are the fundamental components of every organization. The organization's goals must, at least in part, align with those of its members, especially those who hold the most influential positions. Thus, although profit maximization may be the goal of one company, it may be dishonorable and mean-spirited for another organization to have the same goal.

2. Work Ethics

The definition of ethics is adherence to the standards of moral behavior. The terms moral, good, right, honest, etc. are sometimes used interchangeably with the term "ethical act." It is stated that an organization's culture influences how ethical employees behave. Thus, corporate culture establishes the moral guidelines for both the firm as a whole and each member individually.

3. Motivational Pattern

The organization's culture acts as a link in the development of each employee's motivating pattern. The way that individuals approach their work and even life in general depends on their culture. People will find it highly motivating and devote all of their energy to the task if the company and culture are going in the direction of success. People who are focused on high success are less likely to execute methods because they are unwilling to work as efficiently as they did previously in particular, expansion plans. The organizational culture need to be goal-oriented.

4. Organizational Processes

Various organizational processes like planning, decision making, controlling, etc. are defined by the organizational culture because these processes are permitted out by the people.

Relation between Strategy and Culture

An organization's working parameters are influenced by its strategy and culture. They are connected to one another, or to put it another way, they are complementary to one another. For example, in order to make a plan inside an organization operate better, it must be modified in accordance with the organizational culture.

They can be compared in four ways which are as following;

1. To ignore corporate culture.
2. To acquire such a strategy who fits the corporate culture.
3. To adapt such a corporate culture who fits the strategic requirements.
4. To change the strategy so that it can fit the corporate culture.

When we think about the four principles mentioned above, we can see how they compliment one another in different ways. First, if the strategist completely ignores the organizational culture when developing a strategy because it takes time for an organization's culture to develop and it is difficult to change it in a timely manner to better support the strategy. Altering strategy execution to fit business culture is an alternative approach to the one mentioned above. Organizational design options may be flexible for strategy planners.-organizational structures and processes for putting a plan into practice. These factors may be altered to better fulfill company culture objectives. Additionally, in such a scenario, each unique circumstance inside the firm necessitates a creative answer.

If the strategy itself does not match with the business culture, the third option or technique is to adapt it. Changing course in the middle of a plan is not a very desirable shape. As a result, company culture need to be considered while making strategic decisions. The last strategy-related technique is to adapt company culture to strategic needs. In the current Indian business climate, which is becoming more and more brutal on a daily basis, this is the most honorable decision. In truth, many businesses have failed because they were unable to implement effective plans because of corporate culture constraints. [10]. Anyway, cultural change process is slow attempt can be made to change the culture. This change may be brought by making strategic task simple, enhancing managerial capability to apply changes, arid exhibiting a strong and focused leadership.

The strategy makers have four methods to develop a strategy supportive culture:

1. To ignore corporate culture: When it is practically difficult to modify culture, the first approach may be used. This is relevant given how hard it is to alter a complex phenomenon like corporate culture. Additionally, cultural changes that are implemented quickly may be unpleasant for organization members.

2. Adapting strategy execution to corporate culture: It is simpler to adapt execution to meet corporate culture needs. This is achievable because the behavioral aspect of implementation gives strategists a variety of possibilities in terms of business culture, processes, and organizational structure. Each organizational situation, however, would need a creative response and put managers' capacity as strategists to the test.
3. Modifying company culture to meet strategic requirements: As previously said, changing corporate culture is very challenging. But in certain circumstances, it could be required. For instance, a large number of quondam multinational addenda were taken over by family business groups as a result of the post-liberalization wave of acquisitions and takeovers in the Indian sector. This resulted in a process of cultural transformation that was often unpleasant and drawn out. But such a change can be made by carefully analyzing the current culture, creating explicit strategic tasks, taking cultural change risks, enhancing managerial capability, using leadership, culture, politics, and power in behavior to apply changes, and, most importantly, by demonstrating strong, absolute leadership.
4. Modulating the strategy to match the corporate culture: It is preferable and more cost-effective to take cultural considerations into account while designing the strategy in the first place rather than modifying the culture to suit the plan. One of the important variables is how prior strategic decisions were made, which should be taken into consideration to ensure that future strategic

decisions are not extravagant but rather cumulative, enabling the cultural disruption to subside and producing an exceptional atmosphere for strategy execution. However, it could be preferable to abandon the approach or utilize a mix of the aforementioned three additions if a strengthened cultural barrier materializes following plan execution.

CONCLUSION

The ethics of a person, particularly those of important decision-makers, have a significant influence on the organization's strategy. Extreme values influence organizational tactics, but instrumental values specify how these tactics should be implemented. They are designed for organizational change depending on the management of extreme values in strategists. Let's see how this works. Most people's instrumental values in an organization affect how a strategy is imposed. However, when we refer to "people," the question "who are these people in an organization?" emerges. The answer to this issue is crucial because it will influence how a strategy will be imposed.

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The Interplay of Ethics, Strategy Implementation, and Corporate Politics in Organizations

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ABSTRACT: An organization is organized into four categories from the perspective of strategic management: the board of directors, top executives, other managers, and corporate planning personnel. Out of these categories, the chief executive and managers below are mostly in charge of imposing strategy. After all, people's ethical beliefs are a reflection of who they are as people. Therefore, it is conceivable that different people have different ethical standards. Even though corporate culture embodies a set of individual values, it is only indicative and by no means all-inclusive.

KEYWORDS: Ethics, Strategy Implementation, Corporate Politics, Organizations, Business Ethics, Organizational Strategy, Political Behavior

INTRODUCTION

There is some relationship between these two as an organization is a group of individuals and environmental ethics reflect the collective morality of its members. Since both have already been assimilated, there is no need for reconciliation or modification in this ethical relationship. In this instance, there are some organizational and individual ethical differences, but these variations are caused by weak or exploitative principles. In the hierarchy of values, whether organizational or personal, a weak value is given little emphasis. In actuality, each person has a list of ethics that are ranked. They vary in significance due to the hierarchical structure of ethics. Ranking of ethics differs as a result of individual differences. For instance, someone may place a great value on honesty and integrity and may not agree on these matters. Another person could consider it to be of little importance and then revisit these concerns. As a result, both weak and strong ethics are contextual and person-centered. Reunion occurs as part of the regular socialization process, which involves employee acquisition of organizational standards and principles with the intention of adhering to them. However, this socialization process is a one-way street rather than one where a person may influence corporate ethics somewhat [1].

Various-Strong Ethics

When there are conflicts between strong ethics for the company or the person, plan execution may be challenging. If the organization's ethics are strong, any deviation might result in the separation of those whose ethics differ. The company also has the option to create its structure and procedures in a manner that they are compatible with a person whose ethics are variable. In this case, the company will uphold its essential values while allowing others to evolve. When the personnel are crucial to the success of the imposed approach, this kind of transformation is necessary.

Corporate Politics and Use of Power

Political elements are present in all corporate cultures, and as a result, all firms have a political orientation. Organizations are a microcosm of the society in which they operate, and strategy planners should be aware of this. When individuals join organizations, they bring with them their preferences, beliefs, preconceptions, and tendencies. Managerial conduct cannot be solely rational, thus it is necessary to get knowledge about how politics function and how to wield power. The definition of power is the capacity to exert influence over others, and corporate politics is the practice of engaging in actions outside of policy recommendations to influence how benefits are distributed inside a company. Politics and the exercise of power are linked yet distinct from one another. Most of the time, we have a negative perception of politics and power as tools for tyranny, change, and

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enslavement. However, they might also be seen as positives. In this regard, it is possible to consider politics and power as a strategy for achieving organizational goals. [2], [3].

According to Henry Mintzberg, corporate politics are neither fundamentally good nor evil. Even while corporate politics sometimes result in division, which is bad for a company, there are instances when they need to adapt to bring about reforms. These are times when the organization is transitioning out of a stable phase and into a period when certain fundamental adjustments are being considered. Change management is essentially the focus of strategy implementation. As a result, corporate politics contribute to the imposition of strategy. Support the need of fostering both political turmoil and concord. According to Mintzberg, the groups must first disintegrate before coming back together. It may be claimed that those responsible for developing strategies need to understand when to utilize politics and domination to accomplish goals and when to avoid politics and promote peace.

The power within an organization is derived from five types of sources:

1. Reward power arises from the skills of managers to reward positive outcomes.
2. Coercive power arises from the skills of managers to penalize negative outcomes.
3. Legitimate power arises from the skills of managers to use position to influence behavior.
4. Referent power arises from the skills of managers to create a liking among subordinates due to charisma or personality.
5. Expert power arises from the manager's competence, knowledge, and expertise that is appreciated by others.

Commanding

Here, authority is expressly based on formal command; a manager issues directives and employs incentives or penalties to enforce them. This combination of power's source and usage is referred to as commanding. This kind of authority is often misapplied, and when it is, it may take on manifestations ranging from petty prejudice to fascism. Such an abuse of authority is often despised and avoided. To assert that the explicit exercise of institutionally acquired authority is always negative, however, would be a gross overstatement. The classic illustration of when such strength is particularly suitable is during military operations. Military operations rely on a command and controlled system of power where the institution specifies the source of dominance and where the use of dominance is often necessary obvious. Commands, however, are not just used in military contexts. It is neither innately proper nor innately evil for commercial organizations to use the command-and-control method to carry out a plan of action. Its use depends on the circumstances. A command-and-control strategy for imposition maybe not just rational but desirable under straightforward and/or stable circumstances when strategic programming is practical.

In such a setting, institutionally acquired authority that is unmasked and utilized to keep an organization going might be quite successful. However, as we have stated, there are fewer and fewer organizations that can rely primarily on strategic programming. This implies that for most leaders to be as successful as possible, they will need to deploy influence mechanisms that go well beyond official power. Higher-ranking members of an organization may have a far larger influence over its resources, control, and organizational structure. Although it is less evident than giving orders, controlling these organizational components may nonetheless have a significant influence. When compared to modifying an organization's environment and systems, commands often only affect a tiny portion of the organization. Managers may use enormous amounts of power to aid in the implementation of appropriate reforms by utilizing institutionally acknowledged authority to modify these aspects of the organization.

Changes in the formal components of organizational structure and procedures are nonetheless pretty visible and unambiguous uses of institutionally obtained authority, even if they are less overt than directives. Research has revealed that these legitimate and transparent uses of institutionally gained authority are often less successful than other strategies that are less coercive and more practical. For instance, one research found that coercive power was the least effective of the seven types of power examined. These and other research recommendations suggest that most managers must adopt steps involving the alternative use of power. We recommend that managers create and employ all possible fusions of power sources and uses. We refer to utilising a whole portfolio of power as moving away from the northwest corner and drawing on additional sources of power from this show as a whole. One may become less reliant on demanding and other obtrusive forms of formal

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authority by building a diverse portfolio. You should be aware that we are not outright opposing the use of force. We emphasize both the rising use of alternative types of power as well as the necessity for decreased dependence on commanding. For instance, we will discuss how molding rather than commanding is one of the most successful applications of institutional authority. [4], [5].

Shaping

The fundamental components of an organization's environment that establish the stage for regular behavior are its networks and culture. Most of us would agree that these context-related factors have a significant effect even if we are often ignorant of how they affect us. Given this, there is a chance for leaders who can influence networks and culture to have a greater effect on their companies than they could have if they had relied just on their official authority. For instance, studies have indicated that networks are becoming particularly significant sources of influence in today's complementary organizations. According to one research, one of the most significant distinctions between strong managers and less successful managers was the utilization of and connection to a network of resource people that was impartial and comprised of connections with peers, superiors, and subordinates, among other crucial elements.

Convincing and Prompting

Although it is an undeniable fact of life that rank has its advantages, not all forms of power originate from institutional sources. Because we have focused on the upper half of the diagram thus far, you may have the false impression that power depends on organizational position and other sources of institutional authority. In fact, studies have shown that personal power often outperforms position power.

You can see various types of power that come from inside the person in the bottom part of the figure. No of their position or formal authority, everyone at all levels of the organization have access to these sources of power. Individual power usually manifests itself via actions of knowledge, negotiation, and communication when it is intentionally employed. Individual power may be noticed when it is employed in less covert ways, such as via displays of charm, through politics, or by serving as an example that others aspire to emulate.

Politics involves the use of force, alliance management, reaching a unified position, and fostering dedication to an organization's goals and objectives. Corporate politics may emerge when the circumstances are right, which is inherent in the structure of organizations. Organizational structure leads to disputes, coalitions, desires, and aspirations among the individuals who make up an organization in addition to the formation of ranking, position, and connections. The majority of managers are aware that as they advance in the organizational hierarchy, there are fewer top positions available and the pyramid of the structure gradually narrows. These factors lead to a push for political influence. Corporate politics have an impact on every firm to varying degrees since they entail financial incentives, opportunities for advancement, pride, and ego. One manager may see corporate politics and the use of power as negative, while another may view it favorably. So, even if some well-intentioned managers try to prevent it, politics nevertheless exist in the company. The application of behavior by strategy makers consequently includes political thought and the exercise of power.

The typical approaches to a strategic use of politics and power may involve in one or more of these actions:

- **a.** Accept that politics will inevitably exist inside the organization. This will help you to understand how the organization's power structure functions, who has actual power and influence, and which people and organizations have strong views that should not be discounted.
- **b.** To be perceptive of and vigilant for political cues coming from various organizational departments.
- **c.** Knowing when to deploy Machiavellian tactics with caution and discernment to push through choices and actions while maintaining a soft and realistic approach to alliance management and consensus building.
- **d.** To guide strategy rather than control it while exercising patience until a consensus forms.
- **e.** Rather of making secret judgments from the top, let the majority of bad decisions come to a group consensus.
- **f.** To rally support for workable solutions while putting an end to unsatisfactory ones.
- **g.** To recognize organizational excellence and penalize poor or indifferent practices.
- **h.** Adhering to moral principles and using transparency and honesty to combat immoral politics.

Perhaps more so than in other civilizations, politics and the use of power are present in the Indian

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environment. This can be as a result of the pervasive envy seen in Indian organizations. Managers must deal with other corporations' internal politics as well, which requires them to act pretentiously. At a higher level, politics between associations and business federations, the public and private sectors, the small and big sectors, multinational corporations and local businesses, and technocrats and bureaucrats plague Indian industry. In such a setting, decision-makers who develop strategies must be cognizant of both internal political analysis and the politics and power struggles now taking place in other organizations, particularly government agencies, and ministries, with whom they must interact. We have been treading a very precarious line between moral and immoral uses of politics and power when discussing corporate politics and the use of power. It is simple for strategists to overlook the difference between using politics and power for one's own, one's organization, or one's society. Lack of personal principles and a sense of corporate ethics diminishes the difference. [6].

DISCUSSION

A strategy maker can only distinguish between moral and immoral uses of politics and power as a way of achieving corporate objectives with the aid of personal beliefs and business ethics. What are personal values and business ethics, and how do we define them? Why and in what ways are they crucial? And how do ethics and values relate to strategy? Personal values are the foundation of what a person or group of people considers to be significant. A value is a way of looking at life and determining what is significant and what is not. Yes, it plays a crucial role in both an individual's personality and the morale of a group. Therefore, a viewpoint on labor welfare is a value that could motivate an industrialist to go above and beyond what is required by labor regulations for employees. Better customer satisfaction results from an organization's commitment to the value of service-mindedness. As a person develops, personal values are learned and improved in the context of new information and experiences. Personal values are ingested from parents, teachers, and elders. The founder-entrepreneur or a charismatic top executive transmits ideals throughout a firm, and they continue in some form long after that individual has left, rarefied in the face of fresh information and experiences.

Values are sorted inside firms by the founder-entrepreneur or a controlling top executive, and they continue in some capacity even after that individual has left. Business ethics is the study of how individual moral standards relate to the operations and goals of a commercial firm. It is a branch of management studies. It is not a distinct moral code; rather, it is an examination of the particular challenges that the business environment presents to the moral agent negotiating this system. Practically speaking, business ethics function as a set of values and are mainly concerned with how company objectives and methods relate to specific human purposes. In this context, "particularly human ends" refers to seeing people's wants and needs as parts of society rather than just as their own. It also entails enhancing human dignity on a personal level. Instilling personal values and a sense of corporate ethics in the organization's members is a key responsibility of leadership. Values and ethics influence corporate culture, govern how politics and power are exercised, and, on the other hand, define an organization's social duty. [7].

Personal values and corporate ethics are now two topics that are front and center in management. There has been an increase in global awareness of ethical business practices. International institutions like the World Bank and IMF are concerned about whether the assistance they offer is utilized for the intended objectives and is not being thrown away by dishonest government officials. Transparency International publishes an annual ranking of nations based on a corruption index as a resource for international donors and foreign investors. Important social, cultural, political, technical, and economic elements exist in India that have a significant impact on how people behave and do business. Corporate governance has drawn attention on a global scale as a way to encourage ethical conduct in company. Honesty, trust, respect, and realness are among the key characteristics that business ethics usually aim to include into strategic management, policymaking, operational management, and decision-making. It has been described as a collection of legally mandated guidelines for corporate leaders that must be followed. These guidelines take the shape of a list of dos and don'ts. A healthy shift is taking place in the way that corporate ethics are seen as essential to operating enterprises. Even as they confront significant external difficulties, businesses are developing values-based, well-known rules for ethical understanding and sound decision-making at all levels. The practice of business ethics is widely recognized as a key source of competitive advantage. According to a 1999 DePaul University study of firms, those that explicitly adhere

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to a code of ethics have more than double the shareholder value of those who don't.

According to prior research, businesses with a clear commitment to ethical ideals outperformed the competition. This suggests that doing business with excellent ethics is a good idea. Companies that are recognized as ethical organizations may attract investment and human capital, retain talent, change how they are seen in the marketplace, and build a reputation for being customer-friendly. Value-based organizations have revealed that even so-called soft ideas can be incredibly strong, according to the head of a successful Indian firm. Integrity and reputation cannot be bought; they must both be earned. Strong brand loyalty and connection development with consumers have allowed businesses founded on deeply held shared values among their customers and staff to professionalize and innovate their market potential. [8].

Once the values and ethical codes are articulated, strategists have to set about inculcating them. Several actions could be taken for this to be fulfilled. A representative list of such actions is given below.

- **a.** Taking morals and values into account when hiring new personnel and making hiring decisions to guarantee that prospective hires' character traits are compatible with the organization's ethical code.
- **b.** Integrating employee education and training programs with the code of ethics and values statement. Top management should set an example by modeling actions and conduct that support the ideals.
- **c.** By providing adequate exposure and a thorough description of the acceptance processes, the value and code of ethics are communicated.
- **d.** Continuous compliance monitoring by experienced employees and upper management
- **e.** Consistently promoting values throughout the organization by incorporating them into practices, policies, and deeds.
- **f.** Paying close attention to the areas of the firm that are susceptible to ethically-suspicious behaviors, such as purchasing and engaging with external organizations like the government.

Reconciling Divergent Values

Strategists must reconcile opposing values and, if necessary, change values. When creating goals and deciding which ones come first, a classic case of value disparity may occur. While one set of strategists is concerned with marketing-related goals like product quality and diversity and small-lot production, another group may worry about production-oriented goals like standardization and bunch production. As a result of their underlying bias, these interests could be justified. Now, it is up to the CEO to reconcile the conflicting ideals. This may be accomplished most effectively in light of tactical needs and environmental factors.

Values may be changed to provide stability: Strategic execution usually necessitates changing values. If the current numbers do not satisfy these conditions, a certain strategy, let's say one of growth, may not be the best option. Values must be modified in certain situations. However, the same thing that was stated about community culture also applies to values: they are hard, if not impossible, to modify. Consistently changing values may be achieved by the wise use of politics and power, a redesigned corporate culture, and methodical organizational reforms.

Management philosophers are becoming more and more aware of the lack of a consistent national philosophy and sense of value based on ethical considerations, and various models are being advanced that, in the best-case scenario, will result in the development of value-based ethical principles in Indian industries.

The Chakraborty Model

Chakraborty bases his model on Vedantic values and considers them as the long lived national ethos of India. His model of ethical morality is temporarily structured on the following: The basic concept is to harness secular complexity to the guiding hand of sanctified simplicity. This is achieved by referring to the four goals of the human system:

- **a.** Dharma
- **b.** Artha
- **c.** Kama
- **d.** Moksha.

The secular goals of artha and karma are incorporated into the model within the bounds of dharma or ethic moral aptness and moksha or liberation of the inner spirit core.

- **a.** From sacred simplicity, the following correctives may be sought to make Vedantic epigenomics a reality.
- **b.** In order to pursue and achieve a pure mind, one should emphasize emotions, feelings, and impulses; in other words, the matters of

the heart should take precedence over intellectual development.

- **c.** The main driving reason for work must not be one's own claims to self-centered outcomes. This effectively denotes fruitless effort.
- **d.** The current karma-account status of each member in the public will determine the society's moral standard.
- **e.** A person's karma has to be improved in order to be successful, both for their personal benefit and the good of society.
- **f.** The characteristics of humans include their exterior active, engaged, and dynamic selves.

An inner, sluggish witness and silent self-called purusha. Even when one works in the middle of turbulent or hectic external circumstances, the inner purusha exists all the time as a lasting background of stillness. The practice of this depth alertness is a vital process for effective self-management.

1. A systematic framework that links the cosmic and the human achieves the switch over theory of creating the means of human supply and economic riches. The idea of yagnartha karma, which states that labour done is a sacrifice, exemplifies this. In the end, care and concern in this idea come from a wider cosmic and spiritual conscience as well as from an aroused honorable conscience.
2. In the future, creativity must generally be focused on advancing humanity's simple living, high-thinking goal in line with the Vedantic transformational goal of revealing the higher self or core self within, which is poorna, or that which is unconventionally whole and self-sufficient.
3. Uncongenial love, which arises from the higher self, is the trait that ultimately determines if a leader is credible. Consequently, the following idea should serve as the foundation for human growth:

The experience of being distinct from everyone and everything sets off awareness of individuality, which reaches its pinnacle while experiencing oneness with everyone. The soul of life is a life in which the awareness of harmony is main and separateness is secondary, resulting in a personality that is expansive and radiant in reality. Ekatmanubhuti is the awareness of this oneness. The idea of a business ashram is a respectable Indian notion for an ethical perspective of business as a result of these moral issues. Following are some attainable tangible results of broad adoption of this business ashram vision:

1. As opposed to the current trend of ever-shorter product life cycles, there should be an increasing inclination toward longer ones.
2. Organizations should be more likely to shrink than to grow, which is the existing trend.
3. Decentralized, localized economic activity should develop more quickly than centralized activity. It would be better if production and distribution were more site-specific.
4. The requirement for frequent, high-speed, long-distance travel should wane with time.
5. As a result of increased identification with smaller-sized businesses and the implied sense of trusteeship among owners and senior managers, employee interactions are likely to become more supportive and less hostile.
6. Competitive advertising that preys on gullible consumers is likely to be ignored.
7. Planning, financial mergers, and high levels of debt financing are expected to become fewer and less popular methods of growth that are motivated by greed.
8. With the focus once again being on local assets for local markets to fulfill local demands, the frenetic pursuit of strategic advantage, strategic purpose, strategic reaction, and other such concepts for global markets should calm down.
9. Mental diseases brought on by excessive external consumption and internal deprivation should decline.
10. Social life is probably going to becoming simpler and less energy-intensive. Change for the sake of change won't seem as logical.
11. Remaining loyal to companies and showing gratitude to coworkers might reemerge as a crucial professionalism trait.
12. Lessening interpersonal conflict and selfishness should improve the chances that fundamental human virtues like generosity and humility would flourish.
13. Networking, whether interpersonal or inter-organizational, may be based on principles more enduring and sincere than the current self-centered influencing motivations.

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14. More and more choices are probably going to be evaluated to see whether they are likely to be morally, ethically, and environmentally beneficial or detrimental.
15. As the message of inner life gradually replaces the slogan of outward usage, creativity will tend to be directed more into the arts, such as music, literature, and painting, rather than the endless supply of unnecessary items and products.
16. Rather than the current priorities of knowledge and careerism, education should place a greater emphasis on realization and optimism.
17. The human person is likely to feel less pressure to conform or mold to technology demands. Instead, the values of the spiritualized human being will decide whether or not to accept technology.
18. Coalition and empowerment of the individual will/energy with the ultimate Divine will gradually become a well-known experiment-based reality. This process will lead to increasingly error-free, morally correct decisions [9].

Ethics, Values, Culture, and Leadership

Since the 1980s, there has been a major change in corporate views on business ethics. Up until the 1980s, business ethics were often described as a desire to do a good job or effectively communicate altruistic objectives. This kind of corporate paternalism was judged ineffectual in the 1980s. Instead of focusing just on the reputation of the organization, business ethics were given more attention to the conduct of the person. It was inferred that business connections extend beyond shareholders and clients to include all firm employees, local communities, and essentially everyone who is directly influenced by the business' activities. It also suggested that standards of conduct, whether tacit or explicit, control interactions across organizations. How will these codes of ethics, which really gauge corporate ethics, affect things? Here is where there are conflicts. It is simple to determine the cause of this difference. According to respected philosophy and business ethics professor Michael Hoffman, relativism, pragmatism, positivism, and behaviorism have all fallen out of favor in our century. What holds it all together is the notion that everything meaningful and significant can be reduced to physical reality or experience? As science and materialism have gained popularity, ethics and morality have been reduced to issues of feeling, attitude, and emotion. [10].

CONCLUSION

The use of power is another very intrusive factor that affects how decisions are made in an organization. Power is best characterized for the purposes of strategic analysis as the ability of a person or organization to persuade, compel, or force others to do specific actions. This is how one group of expectations will rule the policy-making process or try to reach a compromise with others. Hierarchy gives individuals formal authority over others and is one tactic used by top managers to influence policies. But it's crucial to keep in mind that when employed in isolation, this kind of power has extremely limited impact. Influence may be a significant source of power and can result from one's own traits or from a high degree of harmony within a group or organization. The idea that managers' most crucial role is to mold the organizational culture to fit their plan is one that has significant support. The extent to which a person or organization can exert their influence, however, is determined by a variety of other elements. Prior adherence to principles may often play a significant role in the organization's purpose. Consequently, a no-severance policy may be read to oppose activities suggested by top management.

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An Overview of the Assessing Power in Organization's Indicators and Methods

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***ABSTRACT:** The complex, diverse process of organizational power analysis necessitates a close assessment of several indicators and methodologies. The management of resources, the power of decision-making, and social effect are a few organizational power indicators that are examined in this article. We also examine several methods for assessing power, such as social network analysis, surveys, and ethnographic observation. We argue that a variety of indicators and procedures need to be employed in a comprehensive strategy to assess power in organizations, and that the choice of indicators and methodology ought to be impacted by the particular study's goals and context. Finally, we discuss some of the challenges and limitations related to power measurement in organizations and provide recommendations for additional research. Overall, this research highlights the importance of comprehending power dynamics in organizations and provides academics and professionals with a roadmap for carrying out detailed and nuanced power assessments.*

***KEYWORDS:** Organization, Indicators, Resource Control, Decision Making Authority, Social Influence, Social Network Analysis*

INTRODUCTION

Environment management It is common knowledge that a company's environment has a strong influence on how well it performs. Therefore, the corporation is more likely to rely on internal personnel who have expert knowledge of that stage of the environment the more unpredictable the environment. This is especially valid in hostile environments. This is likely the primary reason why finance and marketing managers are seen as having the most influence on a company's policy decisions. Being discreet is a very important source of influence inside an organization but is often disregarded. Any tactical choice made cannot be prevented from being carried out down to the last detail, and even the dynamics of the situation may alter between the time a choice is made and when it is put into action. Therefore, it is up to the implementers to infer and carry out the specific provisions of that policy while using their own discretion. In companies, this is a significant source of influence for middle management:

Methods of Assessing Power

It is helpful to do an analysis and come up with some basic rules for calculating power in an organization. Prefers advice that the best course of action in this difficult scenario is to pull back from the material and seek for the indications of power is put out here.

There are four major indicators each for the internal and the external sources of power.

Internal Sources

Position in the hierarchy, individual pay, and job grades within the organization all serve as indicators of an individual's or group's status. The percentage of possessions claimed by the group tends to be influenced by the purposeful claim on resources made by the department's budget or the number of personnel within the group. The less dominant group would always have its resources washed away by the more dominant.

External Sources

The standing of an outsider, as a supplier. This may often be determined by how such a party is talked among workers of the organization and if they react promptly to its worry. Dependence on resources may be consistently quantified. For instance, how much of the business a firm does with any one client or supplier, and how simple it is to find a new funder, supplier, or customer quickly. Dispute about whereabouts: If outside parties are treated with impartially or actively involved in business dialogue. A consumer who is given the opportunity to weigh in on the terms of a contract is thus in a better position than a comparable party who is given a set price and told to take it or leave it. Symbols are equally valuable indicators, such as if the management team spoils a client or supplier or the position of the employee who

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works with the trustworthy supplier. The attention and care given to communication with outsiders will vary from one party to the next.

You discovered in this unit that strategic leadership is the process of changing an organization with the aid of its personnel in order to place it in a certain position. Therefore, strategic leadership involves two different elements. You also discovered that corporate culture, which creates a framework for employee behavior, is another factor that influences how well a plan is implemented. Although there are several perspectives on how to develop an organizational culture, in general, it is described as a set of standards that everyone in the company adheres to. Furthermore, politics are a part of every firm's culture, making politics a fundamental feature of every organization. The organizations are a microcosm of the society in which they operate, and strategy planners should be aware of this. When individuals join organizations, they carry with them their preferences, beliefs, preconceptions, and inclinations. [1], [2].

You studied behavioral implementation in the previous unit, and in this one, you'll learn about a different topic called functional and operational implementation. Each functional area of the firm has an expert who develops the functional strategies. They list the precise duties that must be fulfilled in order to carry out corporate strategy. Organizational duties and functional strategy might differ amongst companies. Marketing experts concentrate on choosing the right markets for your goods and creating powerful marketing strategies. Four key components make up the marketing mix: pricing, product, promotion, and distribution methods. Forecasting, financial planning, assessing investment ideas, obtaining funding for diverse initiatives, and managing financial resources are all tasks that fall within the purview of financial professionals. By analyzing the possible profit effect of different strategic choices and monitoring the financial health of the company, financial professionals help to the design of strategy.

The numerous plans are coordinated by an integrated strategic planning system, which contains important dimensions that work from the highest level of the organization all the way down to the lower levels. These plans are coordinated at many levels so that planning activities at one level support planning efforts at higher ones. Thus, efficient execution of strategy is achieved by the integration of diverse departments, their goals, and efforts. If different functional plans are directly drawn from strategic plans, and that too at the level of their development, integration may be accomplished. But sometimes, especially in the lack of appropriate rules, this may not occur. Because a company is a developing concern, its operational patterns may not support the sort of integration required at different levels. Furthermore, practically any level of the business may produce the functional plans.

For instance, the marketing manager creates the budget, action plans, and overall marketing goals. Each area of marketing operation distribution, sales promotion, and marketing plan—is covered by supporting marketing plans created by his subordinates, which are then included into the organization's overall plan. Similar exercises are carried out in other functional areas, and the master plan includes them for execution. Coordination is required at each of these levels, which is not done automatically but rather via the creation of policies. Policies serve as action manuals. They come in the form of in-depth explanations or broad understandings that provide members direction when making decisions on any course of action. They outline the possible methods for completing the job given to the company and provide lower-level managers a foundation for choosing how to employ the resources that have been allotted. However, a policy merely serves as a broad direction for action and does not instruct managers on how to handle a particular activity. Most of the time, it restricts managers' options, although it does not completely restrict them.

Difference between Policy and Procedure

It is vital to compare policy and procedure before moving on to the subject of the creation of functional policies. A process is a set of connected actions that are carried out in a certain sequence and according to predetermined guidelines. As a result, a method gives instructions to organizational members on how to do a task. A policy also outlines expectations for behavior. As both give a foundation for future course of action, there is a chance that policy and procedure may be confused. However, policy and practice deviate from this guiding principle.

The major difference between the two can be identified as follows:

a. Policy offers direction for management thought and conduct. As a consequence, it only channels a manager's decision-making down a certain path by removing his range of thought, rather than telling him how to do things. A technique, on

the other hand, only offers guidance to the activity by suggesting how it might be carried out step by step.

b. A policy is more adaptable than a method. Policy is more flexible since it specifies to managers the areas for decision-making, while procedure specifies the precise order of the actions without any room for differentiation. An illustration may help you understand how policy and procedure vary from one another. There may be a company policy that grants staff time off. A specific process may be used to execute this policy, and an employee may use it to get leave and accompanying benefits. Depending on the organizational environment, a manager may deny the employee's request for leave. But in order to get benefits if leave is approved, the employee must follow particular application and fulfillment requirements[3].

c. At higher levels, policy is more obvious, but at lower levels, actions are more common. At higher levels, managers are more focused on how the whole business is operating, thus they should provide regulations to ensure that a certain activity is carried out consistently. Lower-level employees usually do regular tasks that can be completed more effectively if the established criteria are followed without allowing for any room for choice. As a result, managers at higher levels are required to make many choices that differ from the ones they previously made because external circumstances are given a greater weight in the creation and application of policies. They thus have the power to alter a course of activity in accordance with demands. Lower tiers don't have these issues.

Role of Functional Policies and Plans

Functional policies are crucial to the execution of a plan. A functional policy may be described as something that, in essence, develops strategies, manages their execution, and supports both corporate and functional plans. Functional policies allow control and reinforcement of strategy execution in the following ways:

Through the functional policies, top management can confirm that strategy is implemented by all parts of the organization as policies cover almost entire activities of the organization.

a. Policies restrict the options for management action and prescribe how things may be done. As a result, the organization's senior management can be certain that every employee will focus their efforts on implementing the plan.

b. Strategies for managing choices were supplied by policies. This element of the policies benefits the execution of the plan in two ways. First, management activity will be uniform throughout the whole company. The second benefit is that decision-making will take much less time since managers will know exactly what type of tactics are needed in a given circumstance.

c. Functional rules gave rise to regular patterns of conduct, which in turn served as the foundation for regulating in certain areas.

d. Policies provide cooperation between various roles. Because coordination between various tasks and plan execution are both crucial for managers.

All functions of an organization are interdependent and interlinked. Therefore, what is happening in one function has its relevance for other- functions. All functions can contribute positively and effectively when they are performed in a coordinated way.

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DISCUSSION

Development of Functional Policies and Plans

Policies are created by managers and serve as decision-making frameworks that support the company and the plan. Therefore, the capacity to incorporate the grand plan into policies that are compatible, implementable, and merely theoretically sound is a crucial part of analytical exercise for policy development. The management' decision to alter the plan is insufficient. Equally significant is what follows: How do we get there? When? How effectively, too? In order to apply the strategy, a manager creates policies as a solution to these queries. For instance, if a company decides to diversify, the policy maker must determine what to diversify into, where to diversify, how much money would be required, where the money will come from, and what adjustments will be necessary to the organization's many responsibilities. If appropriate policies have been developed, making judgments about all of these factors will be considerably simpler. [4], [5]. The amount of policy making in the formal sense will vary with the size and complexity of the organization. If the organization is small one with simple business, only a few policies will be sufficient. Moreover, the policies are generally understood and verbal.

Integration of Functional Policies

The development of multiple functional policies does not guarantee that the strategy is fully implemented; if these policies are not effectively integrated, the strategy may not be implemented as intended. Functional policies must be integrated because they are interrelated; one policy might have an impact on others while also having an impact on others. Functional policies might be compared to chariot horses. Even if a chariot has excellent horses, it may not advance even a fraction of an inch if some of the horses are dragging it backwards while others are driving it forward. If all of the horses are pulling the chariot ahead simultaneously, it may go forward at a rapid rate of speed.

Internal Consistency

It is important to ensure that the policies created for distinct functions are internally consistent. Because different functions are interconnected, it is impossible to decide on functionally dependent aspects without taking into account how they will affect other company divisions. Otherwise, sub optimization is probably going to happen. For instance, plant capacity is a crucial production decision factor. This choice is highly influenced by a number of factors, including long-term sales projections, distribution channel structure, and cost of capital, funding sources, and the availability of qualified human resources. Therefore, it is impossible to decide on plant capacity in isolation from other criteria.

Relevance to Organizational Capabilities

Integration of diverse functional policies should place a strong emphasis on the developer organization's ability to successfully execute the plan. By allocating resources to the areas where the business hopes to strengthen its strategic advantages, synergistic effects occur across functional domains and unique competence arises. This may be seen in businesses that want to be the biggest, lowest-cost producers, competitors with the most advanced technology, or market leaders. Although there may be differences in focus, all of these possible instances would need a mix or integration of several functional strategies. For instance, a business that wishes to dominate its market must provide goods of the highest quality at reasonable prices, all while using an effective distribution network and aggressive marketing strategies, as is the case with Hindustan Lever. The focus must be on advanced technology and the mobilization of significant resources for Reliance Industries, which aspires to be the biggest firm in the petrochemical industry, but not necessarily on distribution and promotion. Therefore, policy integration should focus on fostering capabilities related to the company's goals as stated via strategy creation.

Making Trade-off Decisions

Due to the fundamental character of each organizational function, the organization must make trade-off considerations while integrating distinct functional policies. Inquiries about Depending on the function, optimizing it in one manner may clash with optimizing it in another way for a different function. For instance, the manufacturing function may be best served by the most expensive technology, while the finance function may benefit from the least expensive technology. Both are incompatible. Other functional domains may likewise exhibit similar inconsistencies. As a result, trade-offs between different functional areas are necessary, which may under optimize certain functional areas yet optimize the organization. It is founded on the axiom that what you get is more significant than what you lose when making trade-off decisions. This is accurate when policies are integrated.

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Intensity of Linkages

All organizational functions are connected and interconnected, some directly and others indirectly. The degree of integration between distinct functions is determined by the types of connection. For instance, there would be a closer relationship between the manufacturing and marketing functions if the strategy was based on supplying innovative goods; similarly, if the strategy was based on low-cost mass-consumption items. As a result, linkage intensity fluctuates depending on the method.

Timing of Implementation of Policies

The implementation of various policies should be coordinated in terms of time. This could result in improved outcomes for the company as a whole. For instance, if a company is experiencing a resource shortage, it may be wiser to postpone plans and initiatives like R&D that might have a long-term impact on the company. Similar to this, if the business enters a high-tech industry, training and development must get greater attention. [6], [7].

Functional Approach

Organizational analysis using a functional approach considers numerous functional domains and assesses them to find strengths and shortcomings. Production/operations, marketing, finance and accounting, and human resources are the key functional sectors. For example, marketing is separated into sales promotion, physical distribution, sales volume, and soon for each of these primary categories. The same is true for other functional areas. In addition to these functional domains, general management elements of the organization are also taken into account. In order to determine strengths and weaknesses, the following criteria are assessed using the functional method of organizational analysis:

- **a.** Production/operations,
- **b.** Marketing,
- **c.** Finance,
- **d.** Human resources, and
- **e.** General management.

Various characteristics of these components, indicating strengths and weaknesses, have been offered in the discussion that follows. Two elements should be kept in mind while using these characteristics in light of diverse factors:

- **a)** These characteristics provide a normative and indicative list; in real practice, these elements may differ based on the kind of organizations.
- **b)** Organizational analysis is usually future-focused since it aims to link strategy to environment.

As a result, these elements should be assessed in the context of the environment dynamically rather than statically. In reality, environmental changes often lead the current strengths to deteriorate and become weaknesses. Here, different components have been presented in a certain order for analysis's purpose rather than according to relevance.

Production/Operations

Production / Operations processes are the mediating factors for converting raw materials into finished products. There are various factors that affect the internal operations of the organization and these factors should be taken into account while appraising the organization's capabilities in these areas;

Allocation and Use of Resources

The degree of efficient resource allocation and usage determines the success or failure of an organization. Resources include not just money, buildings, and machinery but also the in-demand managerial talent, aptitude, and technical know-how. A company is better prepared to handle environmental concerns when its resources are used and allocated in a balanced way. By taking into consideration the need for diverse activities contributing to the goals, their criticality, and resource requirements, the allocation and utilization of resources may be balanced.

Rationalization of Resources

Rationalizing the use of resources is another crucial component. Concerning multiunit organizations, this issue is more significant. For instance, a multiunit corporation may have several offices and factories with an overlap in different initiatives. The amount to which duplication is eliminated determines how powerful the firm is since duplication costs are a burden on the company.

Locational Pattern

Even though a wide range of economic and noneconomic variables influence locational patterns, they all have an impact on an organization's operational effectiveness. Both administrative offices and factories may have their locational patterns analyzed. The greater to which an organization's facilities and offices are situated in advantageous locations, the more advantages it stands to gain, which is a strength. By way of illustration, building administrative offices could not provide the same

benefits as opening factories in underdeveloped regions, even with government incentives. Due to this, many businesses choose to locate their manufacturing facilities in less developed regions while setting up their administrative offices in more developed locations, such as the Fort neighborhood in Mumbai or the Chowranghee neighborhood in Kolkata.

Production Capacity and its Use

The use of production capacity affects the profitability of the organization. High use of production capacity is a strength but a low use of this is a weakness because the organization's cost of production in this case may be very high.

Cost Structure

The cost structure of the product affects the organization's profitability. If the cost of the product is high, it is a weakness. Moreover, the extent to which costs cannot be controlled is also the weakness of the organization. Thus, low cost with a high level of controllability is a strength and high cost with a low level of controllability is a weakness.

Cost Volume Profit Relationship

While cost structure gives the general idea of high or low cost, the cost volume profit relationship suggests the profitability of the organization at various levels of production. If the relationship is such that it gives break even at high level of production with low margin of safety, it is weakness for the organization , on the other hand, if break-even point is low with high margin of safety, it is strength for the organization [8].

Operation Procedures

The internal effectiveness of the company is impacted by efficient and successful operational practices such production design, scheduling, output, and quality control. As a result, these are the organization's strengths, while weaknesses are the reverse of these since they have a negative impact on organizational effectiveness.

Raw Materials Availability

The organization's overall operation is negatively impacted by how vital and precious the raw materials are and how few sources they are supplied from. In this situation, the organization has no control over the supply of raw materials or just very little control. Its reliance on the few sources of raw material supply is a drawback as a result. When a corporation buys its supplies from a variety of sources and they are freely accessible domestically, it has less dependency, which is a strength.

Inventory Control System

An efficient inventory control system that pinpoints various aspects of materials provides strength to the organization because it can control and regulate the procurement of materials in such a way that its cost is minimum and there is no unnecessary hindrance in production. A defective and non-existent inventory control system is a weakness.

Research and Development (R&D)

For two reasons, management should prioritize research and development as a priority. An extension of three years is possible in extraordinary circumstances for the first technical partnership with any foreign entity, which may run up to five years. Local organizations are required by the government to do R&D during this time. Second, the organization's R&D expenses and any goods that result from those efforts are subject to unique tax incentives. The organization must engage in R&D activities and assess how they are influencing organizational product development to reap the benefits. R&D efforts may be measured in terms of their cost, the number of goods they produce, or the number of patents they generate internally. A high rating on these criteria indicates the organization's strength. [9], [10].

CONCLUSION

Organizations with specific patent rights that allow them to utilize well-known brand names have an advantage since they don't need to spend additional money advertising the brand. As a business organization interacts with its surroundings via marketing activities, marketing considerations have a prominent position for the corporation. The management should assess the company in light of numerous marketing elements, taking into consideration how these aspects are helping or hindering the attainment of the company's overall goals and how long they will keep doing so if the current position is maintained.

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