

Need Strategy Doctrine for Indian Business¹

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Since the onset of liberalisation, Indian companies have been making concerted efforts to adopt the concepts and approaches of strategic management. It is about looking at a business holistically and from a long-term perspective, in order to achieve and sustain superior performance. In the aftermath of having operated in 'centrally planned – self-sufficiency oriented' economy for decades, it was a new way of conducting business for Indian companies.

Strategic approach is essential for any company's success in the prevailing Indian business environment. However the moot issue for a company is the determination of – 'what' is the right strategy and 'how' to realise it on the ground. This issue opens a virtual Pandora's box, as the discipline is yet to throw up a rigorous theory to predict and prescribe superior strategic behaviour. The research insights, primarily originating in the US, have found to have limitations even in relatively similar European contexts. Needless to say, the internal characteristics and business context of Indian companies is far different.

While there has been no contested theory, strategic management discipline have had dominant schools of thought. These dominant thoughts or doctrines have influenced the thinking of business decision makers. Though raging debates and doubts persisted on the doctrines in research circles, the media and business circles lapped them up. Doctrines moved on from the explanation of certain business decisions to being wide-ranging prescriptions, and often companies felt compelled to follow the popular way. As a result, the doctrines had impact on the direction of business at an aggregate level in an economy.

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When latest is not the best

Since the emergence of strategic management in early 1960s, the discipline had four clearly identifiable doctrines. The original one of 'matching business requirements with internal capabilities' for a corporation, was followed by 'having strategically balanced portfolio' in the 1970s. Strategy prescription moved on to 'achieving and sustaining competitiveness' in the 1980s and 'developing long-term intent and core competencies' in the 1990s. All the doctrines had their heydays in American business community, though the shelf life was about a decade.

Given the dominance of American business in world and the largest base of business education and research, all the strategy doctrines emerged in the United States. The popularity of a doctrine was closely related to requirements of prevailing business and economic situation, and the doctrine in many ways articulated the American business' aspirations in those years. It's a symbiotic relationship, with dominant business practices getting expressed in the dominant strategy thoughts or doctrines for the period.

Decades of 1950s and 1960s were continuation of post-world war II boom, and American businesses were operating in an environment of high growth domestic economy, creation of a number of new industries and huge possibilities in international markets. American companies had large opportunity set to choose from, and the doctrine of 'matching business requirements with internal capabilities' providing the right anchor for making strategic choices. The sobering influence of oil price shocks in 1970s and the realisation that all new businesses need not necessarily be paying from the word go, brought in the need of 'having strategically balanced portfolio'. Doctrine recognised the differences in profitability levels depending on market share and the time it takes to learn to do well in a business. It recommended that while the new businesses take time to stabilise they should be backed by cash generating existing businesses and that a company should diversify or acquire into the emerging areas to secure the future.

The advent of serious challenge from Japanese companies in 1980s and mixed results of merger and acquisitions of 1970s, brought the need to 'achieving and sustaining competitiveness' in each business of a company to the fore. Several analytical frameworks were put forward to identify attractive industries and to develop approaches for gaining and sustaining competitive advantage around some generic strategies. However continued success of many Japanese companies and below average performance of diversified conglomerates, brought forth the need for 'developing long-term intent and core competencies' for superior and sustained performance in the 1990s.

As evident, the strategy doctrines have changed dramatically over the years and in some cases they offer contradictory approaches. They have increased in sophistication but they are not strictly evolutionary. Unlike technology arena,

where latest is distinctly superior and generally context neutral, management concepts are different. The doctrines were based on certain assumptions about economy and industry, and popularity or relevance of a doctrine depended on the validity of these assumptions. Indian economic and business situation is quite different, though it could have some similarities with those for one or more strategy doctrines.

Doctrine to focus and mobilise

All strategy doctrines can hold important insights for Indian companies, though there are serious issues in prescribing any one of them in Indian company's 'time and space'. And it is unrealistic to expect Indian companies to undergo an elaborate process of critiquing the strategic management discipline, in order to 'pick, choose and construct' a relevant strategic approach as per their needs. The best way out is to evolve an original strategy doctrine, which is based on the relevant assumptions on Indian economic and business situation and on the aspirations of Indian companies and managers. Learning from American experience, it is appropriate to take a tractable period of one decade to define the underlying assumptions and aspirations.

Indian strategy doctrine can build upon generalisable premises of globalising business environment for Indian companies, in order to delineate 'what' strategies Indian companies as a whole and as per some typology should follow and 'how' effective strategies should be evolved. It will make the task of Indian corporations easier, as they can direct their attention to what is relevant and can avoid psychological dissonances arising out of latest views emerging overseas. The current decade will see virtually the full play of 'market oriented – globalised' economy, and Indian companies have a challenging agenda. Conceptual clarity emerging from Indian strategy doctrine will help focus them on right things and in right way, and enable them to achieve higher goals in shorter time. When the clarity and conviction on strategic approach gets pervasive among companies, the doctrine can have impressive mobilisation effect on pushing forward the Indian economy as a whole.