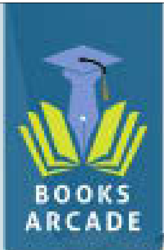

ARCHIVES OF BUSINESS ADMINISTRATION

• Dr. M. Govindaraj • Umakanth S

Archives of Business Administration

Archives of Business Administration

Dr. M. Govindaraj
Umakanth S

BOOKS ARCADE
KRISHNA NAGAR, DELHI

Archives of Business Administration

Dr. M. Govindaraj
Umakanth S

© RESERVED

This book contains information obtained from highly regarded resources. Copyright for individual articles remains with the authors as indicated. A wide variety of references are listed. Reasonable efforts have been made to publish reliable data and information, but the author and the publisher cannot assume responsibility for the validity of all materials or for the consequences of their use.

No part of this book may be reprinted, reproduced, transmitted, or utilized in any form by any electronic, mechanical, or other means, now known or hereinafter invented, including photocopying, microfilming and recording, or any information storage or retrieval system, without permission from the publishers.

For permission to photocopy or use material electronically from this work please access booksarcade.co.in

BOOKS ARCADE

Regd. Office:
F-10/24, East Krishna Nagar, Near Vijay Chowk, Delhi-110051
Ph. No: +91-11-79669196, +91-9899073222
E-mail: info@booksarcade.co.in, booksarcade.pub@gmail.com
Website: www.booksarcade.co.in

Year of Publication 2023

International Standard Book Number-13: 978-81-19199-46-4

CONTENTS

Chapter 1. Introduction to Business Administration 1

—Dr. M.Govindaraj, Umakanth S

Chapter 2. Macro Environment 11

—Dr.Shakeela Banu, Babitha B.S.

Chapter 3. Organic Growth for Company 22

—Dr. Ujjal Mkherjee, Supriya Rai

Chapter 4. Economics Resoning 32

—Dr. Shalini, Yashoda L.

Chapter 5. The Creation of Strategy with CSR 42

—Dr. Sumbul Samreen, Lakshman K.

Chapter 6. The Knowledge Economy 51

—Dr. M.K. Lodi, Varalakshmi S.

Chapter 7. Entrepreneurial Action Shapes in Company 61

—Dr. Monoo John, Raghu G Anand

Chapter 8. A Classification of Ethical Business Models 71

—Dr. Syed Kasim, Kiran Lokesh Maney

Chapter 9. Methods for Creating a Strategy 81

—Dr. Vinayak Anil Bhat, Shruthi K Bekal

Chapter 10. Organizational Structure Types 90

—Dr. Uma Warrier, Baishakhi Debnath

Chapter 11. SWOT Evaluation 101

—Dr. Dinesh Neelakanta Rao, Vyshnavi A

Chapter 12. Strategic Options and Strategy Selection 111

—Dr. Satyajeet Nanda, Saritha Srinivasmurthy Raghotham

Chapter 13. OPM Approach 120

— Dr. Neena P.C, Varalakshmi S.

Chapter 14. OPM Business Case Components 132

— Dr. Urmila Itam, Sunitha B K.

Chapter 15. OPM Implementation 142

—Dr. Gayathri. R, Roopa Traisa

CHAPTER 1
INTRODUCTION TO BUSINESS ADMINISTRATION

[1]Dr. M.Govindaraj, [2]Umakanth S
[1]Associate Professor, Department of Marketing, CMS Business School,
Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Professor and Hod, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]dr.govindarajm@cms.ac.in, [2]umakanth@cms.ac.in

The practice of overseeing a company or nonprofit organization to ensure its stability and growth is known as business administration. This covers a wide range of topics, from operations to management. Business assistance, office manager, and Chief Executive Officer (CEO) are just a few of the various professions that might be associated to business administration. Most businesses use a specialized team of administrators. Operations, logistics, marketing, economics, human resources (HR), and management are the primary fields that make up business administration. An administrator is responsible for keeping an eye on various components of a company to ensure that they are all operating profitably both separately and together. Additionally, he or she often assigns duties to department personnel and may suggest methods to increase the department's profitability. Large corporations often designate at least one administrator to each department. Business administration is the act of creating and maintaining an environment where individuals and organizations may successfully collaborate to accomplish predetermined goals. Regardless of the industry or size, this applies to every single organization. Simply said, "Company administration is the skill of regulating daily business activities." The administration's last task is to create stable, consistent organizations. Every organization has members who have been chosen to work toward the organization's goals. A business is a company that creates or provides an item or service for a profit. The difference between revenue received and expenses is the profit. Every company does at least three key activities.

Production, the first activity, involves creating a product or offering a service. While service providers utilize the talents of their staff to provide activities and help to meet the requirements of customers, manufacturing businesses manufacture things that consumers buy to fulfill demands. Doctors' offices, airlines, dining establishments, and home repair companies are a few examples of service businesses. Today, there are far more service companies than manufacturing companies. We sometimes say that they live in a service society because of this. Marketing is the second activity in which firms are engaged. The actions between a company and its clients engaged in the purchase and sale of products and services are referred to as marketing. Finance, the third activity, deals with the monetary issues related to operating a firm. A firm is engaged in production, marketing, and financing whether it has one employee or hundreds.

Businesses may be broadly divided into two categories: industrial and commercial. Industrial enterprises create products that are utilized by other companies or organizations to create other products. Companies that mine coal ore, extract oil and gas from the ground, and manufacture goods for customers and other businesses supply resources. They are significant industrial companies. The same goes for businesses that erect buildings, construct bridges, produce aircraft, or put together TVs. Because they cultivate the crops and rear the animals required for our nourishment as well as those utilized in the production of a range of items we

use every day, farmers and other agricultural producers are regarded as industrial firms. Unlike industrial organizations, commercial businesses focus primarily on delivering services, such as marketing (wholesalers and retailers), finance (banks and investment firms), and marketing (medical offices, fitness centers, and hotels). A sort of commercial enterprise is a service firm, which primarily employs labor to provide mostly immaterial goods to meet the demands of customers. For instance, cutting the grass is a service. The number of individuals working in certain industrial and service sectors of the economy. The term "industry" is often used to describe all companies in a category that do comparable work. For instance, the publishing sector encompasses any company engaged in the creation and distribution of books, periodicals, newspapers, and other printed materials written by writers. The production of related automotive items is included in the automotive sector, which encompasses all companies that build cars, trucks, and other types of vehicles. Because it offers libraries, schools, fire and police protection, and many other services needed by the people it governs, even government may be seen as a business. All services supplied by regional, state, and national governments would fall under this industry.

Role of Business Administration Resources in Business

Roles and Responsibilities of a Manager:

A manager in business administration is in charge of delivering instructions to actions that aid businesses in achieving their unique aims. The degree to which proper goals and scope are met is used to evaluate a manager's efficiency and effectiveness. Relationships are two-way streets; one partner is subject to the other. This is how managers behave.The Business Administrator's Job Duties depending on the level at which they are employed, administrators in business administration must engage in the planning, organizing, and even decision-making processes. The more the administrator concerns about knowing or understanding how duties are carried out, the more ready she will be to take action at the company's operational level. An administrator must be knowledgeable about how to create a spending budget, forecast sales, build an organization, implement a flow program, and interpret balances, plan production, and more. While these skills are important for management, understanding about using them and when to apply them properly is the most crucial and fundamental.

In various levels of the corporate hierarchy, a variety of administrative positions are common in businesses. Business support officers work at the office level and may create and maintain an office database, supervise other workers on projects, and assist the manager in identifying performance patterns. The next step up are office managers, who among other things supervise a full office, create budgets, evaluate employee performance, develop processes, and allocate assignments. A big company could employ multiple assistant managers to support the chief office manager. Division administrators, who take charge of sizable areas of an organization, come after office-level managers. Typically, they focus on a single topic of business administration. For instance, a corporation can assign a specialist in HR administration to manage that division and ensure that it is operating effectively to achieve the company's overall objectives. This involves things like evaluating the effectiveness of HR staff members, adding new hires if necessary or firing underperforming employees, and ensuring that the recruiting process is efficient. The chief executive officer (CEO) or president is the traditional title for the person in charge of all corporate activities. It depends on the company if the CEO and president are the same position. Several vice presidents, each within charge of a certain aspect of business operations, may report to the CEO, depending upon the size of the organization. Vice presidents for research and design, sales, and customer relations, for instance, may all be present. Each of these functions separately.

Fundamentals and Functions of Business Administrator

It is crucial to mention the function that we play as managers in an organization when referring to a corporation or institution, regardless of the significance of the establishment or software. In this scenario, the administrative process is the model. Various departments exist depending on the demands of the business. The categories and principles of business administrator abilities are listed below:

Production

Production is traditionally thought of as one of the primary departments since it ensures the best use and introduction of infrastructures inside a firm or organization.

Marketing

Marketing is another important department for a firm or organization within business administration. Given the area of expertise they have today, they are in charge of creating effective techniques for managing and coordinating the sales system the business provides to a certain market.

Finance

The finance department is in charge of generating money and providing the capital needed for the business's operations. It also seeks to provide the other departments with the necessary financial resources so that they may all operate effectively.

Human Resources

In business administration, the human resources department is crucial. It deals with the effective application of programs for hiring, recruiting, training, and development; it helps the firm gather data that is pertinent to the staff's goals.

Operations Management

To strengthen the position of the company, the operations management department is in charge of planning, directing, and designing business operations as well as developing efficient and improved operational procedures for products and services.

Information Systems

Data is an essential component of every company or organization for controlling and evaluating. To gather, analyze, filter, and communicate informational data of a firm to the higher authorities in order to build plans and a roadmap for something like a business, workers in this department utilize data and information management tools and systems.

Accounting

Another crucial area is accounting. The accounting department performs studies, handles transactions, and creates financial reports for a business. This helps senior management every year to make wiser financial judgments.

Business Law

The business law department is also known as the commercial law department in business administration. This division handles all legal issues pertaining to businesses that provide clients products and services.Innovations are completely original ideas. Innovations have an impact on the kind of goods and services that other companies sell. For instance, in the past, only natural fabrics like cotton and wool were used to make garments. Then scientists working on chemicals created synthetic fabrics including rayon, nylon, and polyester. The variety of garments and other fabric goods available to customers has increased. Innovations

have an impact on how businesses operate. As an example, ever since Apple Computer produced one of the first personal computers roughly 35 years ago, computers used by individual workers have had a greater impact on how organizations conduct their operations. Computers aid companies in the creation and production of goods as well as the management of invoicing, inventory, and customer data. Most important company operations now include computers. The connection between companies and their consumers has been completely transformed by the invention of the Internet. Customers may reach companies without ever leaving their homes, 24 hours a day. Small companies may compete with big companies for clients from across the nation and even from abroad.

Global competition on business

American companies have been at the forefront of developing innovative products and services for export for hundreds of years. International customers gladly bought innovative new items developed and produced in the US. Thousands of foreign workers came in the United States in search of employment, and consumers used their paychecks to purchase the products that the factories produced. Factories were humming with activity. A large number of foreign businessmen and political figures also visited to see how American corporations were run. However, other nations have advanced their industrialization over the last 50 years and learnt how to create brand-new consumer goods. In many cases, the items were less expensive than comparable ones made in the United States, and many of them were later found to be of same or higher quality. American consumers started buying these foreign goods over time. Foreign businesses acquired the ability to create cutting-edge designs for items like flat-screen TVs, MP3 players, and mobile phones. American corporate leaders rapidly saw that reform was necessary. To overcome the problem of international competition, they had to figure out how to make the most of the United States' tremendous resources and the human skill of its management and staff. The capacity of enterprises from one nation to compete with entities from other nations that operate similarly is referred to as global competition. Competing in the global economy is one of the main difficulties confronting American companies today.

Work Environment

The sort of job a company administrator is performing has a big impact on the workplace culture. While individuals further up in the hierarchy may have more flexibility with their schedules, people at the bottom end of the hierarchy often operate in organized workplaces and submit regular reports to their superiors. Work hours may range from 9 AM to 5 PM or they may be more flexible depending on the kind of business. When significant projects are almost finished or when yearly studies and presentations must be made, overtime is often necessary. In general, a person in this kind of role has to be very good at communicating since they will be interacting with many different individuals, sending memos, and writing reports.

Money Bazaar

A segment of the financial market whereby financial instruments with high liquidity and short maturities are exchanged is referred to as the "money market." The money market has developed into a segment of the financial market for the purchase and sale of assets with short maturities, such as commercial paper and treasury bills papers, of one year or less. The money market is where over-the-counter trading takes place, and it is a massive operation. The participants utilize it as a short-term borrowing and lending method. Treasury bills and commercial papers are examples of negotiable instruments seen in the money market. And deposit certificates. Many participants, including businesses, utilize it to generate money by

peddling commercial documents in the marketplace. Because of the high liquidity of the assets, the money market is seen as a secure area to invest. Investors should be aware of the hazards associated with it, one of which is default on instruments like commercial papers. Diverse financial institutions and dealers participate in the money market and want to borrow or lend assets. The greatest place to invest in liquid assets is here. In contrast to the capital markets, where operations are formally organized, the money market is an uncontrolled, informal industry. Money markets provide a range of goods but offer investors a lower rate of return. It is simpler to take money out of the money market. Money markets were distinct from capital markets in that they are utilized for shorter time periods as opposed to longer time periods for capital markets. In the meantime, a mortgage lender may fortify protection against a spillover risk by agreeing to operational, rather than required, delivery of the mortgage via a private conduit with just an agency. A mortgage originator essentially purchases an option under such a contract, giving the lender the choice but not the duty to supply the mortgage. For permitting optional delivery, the private conduit levies a price as compensation.

Originally, a bazaar was a Persian town's central marketplace. The name originated in Persia and then moved to North Africa, Turkey, and Arabia (where the Arabic word sq is equivalent). In India, it evolved to refer to a single store, and in modern English use, it refers to both a single store and concession selling various items as well as a fair where such items are sold, sometimes for charitable purposes. The folktales of The Thousand and One Nights provide vivid descriptions of the bazaar of the old Islamic civilization. It was in a different area of the town, away from the calm residential areas, and was busy and raucous throughout the day. The area was off limits after sunset. Some bazaars were split into districts, with all the sellers of a particular kind of goods gathered in one area. In smaller cities, the bazaar was a single, cramped street lined with shops. It included kilometers of similar corridors in bigger cities like Istanbul. Some bazaars had distinctive architecture, such as those that were constructed in the 17th century in Iran at Kshn and Efahn. For shelter from the intense desert heat, they were often covered with a single roof, separate vaulted cupolas or domes, or awnings. Over the years, the majority of historic bazaars underwent modernization. In the 1990s, a brand-new kind of bazaar emerged thanks to the World Wide Web. The so-called Internet market, like eBay, connects buyers and sellers from all over the globe.

Internet bazaars are often categorized by subjects, kinds of commodities offered, or the interests of the members rather than their actual location in a specific city. It is a continuous space for merchandising, a market, or a row of stores where products and services are bought and sold. The bazaar, which has its roots in ancient Islamic civilizations, is the forerunner of contemporary supermarkets, flea markets, and shopping malls. It has had a significant impact on the growth and centralization of the economy in contemporary cities all over the globe. Along the major commerce routes is where the bazaar initially arose. Travelers and the continual influx of exotic and foreign commodities led to the development of mechanisms for trading and bargaining inside the towns itself. The earliest bazaars were finally built in certain parts of cities that were recognized as trade zones. Bazaars quickly evolved into places that were not only used for exchanging commodities but also often served as the social, religious, and financial hubs of cities. Bazaars have kept more of their historical and regional character than a Western mall due to their near proximity to mosques, which maintains their link to religious parts of life, and their appeal to visitors. The bazaar has a long history and has benefited many facets of society; it still develops and modernizes on the outside while maintaining its internal identity and function, maintaining its position in contemporary society.

Money market

Money Market plays a crucial role in the growth of the economy. It is focused on the area of the financial system wherein trading of short-term funds takes place over time frames less than a year. It is a byproduct of the capital market, which is thought of as a source of financing for short-term loans. Money market deals primarily short-term call and notification deposits, promissory notes, government documents, short-term bills, etc. even though it is definitely separate from the capital market.

Function of money market

Following are the functions performed by the Money Market:

Worthwhile Use of Balance Capital

It makes it easier for the government, financial institutions, and non-financial institutions to employ balance capital funds effectively for a limited time.

Aids in Monetary Progress

A money market offers short-term financing to the different financial institutions in order to meet their needs for operating capital. Discounting trade bills via commercial banks, acceptance companies, brokers, etc. promotes the growth of business, industry, and trade.

Helps the Banks

Since the currency market's interest rates are lower than those of the RBI, the commercial bank may borrow money there instead of from the latter, saving the bank money.

Helps the Government

Instead of borrowing money from the RBI, the government may get short-term cash from the money marketplace by issuing Treasury notes at a low rate of interest.

Balance amongst demand and supply of capital

The money market allows for the balanced use of money by allowing savings to be converted into investments, maintaining the equilibrium between supply and demand for capital.

Competent application of monetary policies

The RBI can efficiently control its banking system but also direct the growth of business and industry via its monetary policies. As a result, the Reserve Bank of India efficiently manages the competent execution of monetary policy.

Securities of Money Market

Let's concentrate on the key money market securities.

Commercial Papers

Large corporations and businesses may issue commercial papers to generate quick cash. These commercial papers are unsecured, short-term, negotiable, transferable (by endorsement), and unsecured promissory notes having a specified maturity of fewer than 365 days. Companies prefer marketable securities to borrowing money because they may get money at interest rates that are lower than the going rate of the market. Furthermore, major, credit-worthy businesses won't have any problem obtaining money using commercial papers. These are purchased at par after being issued at a discount.

Treasury Bills

The government issues Treasury Bills, often known as T-Bills, typically via the Reserve

Bank of India. They serve as short-term borrowing tools. T-bills are offered for sale to the general public and to commercial institutions. Since the government is unlikely to fail, they are often seen as being a very safe investment. Promissory notes also come in the shape of T-bills. Their maturation time ranges from 14 to 364 days. T-bills are widely endorsable and very liquid. Additionally, they are purchased for face value after being issued for less. The interest, also known as the discount, is the difference between the quantities.

Call Money

According to the RBI's guidelines, most banks must maintain a minimum cash level known as that of the cash reserve ratio (CRR). This percentage fluctuates depending on the economy's liquidity. In order to preserve their CRR, banks may sometimes make short-term loans to one another. The call money market is what is used for this. The call rate is the interest rate charged on such call money.

Commercial Bills

The most popular forms of negotiable instruments used in international commerce are commercial bills or negotiable instruments. These negotiable instruments are utilized to provide enterprises with the operating cash they need. They mature quickly (often within 60 or 90 days) and are transferrable with ease. The bill's drawer might hold off until the drawee will honor the bill, or the due date. Alternatively, he may discount the healthcare bill with a bank before the maturity time expires if he doesn't want to wait. Because of this, the bills are incredibly versatile and simple to sell.

Certificate of Deposits

These are money market products that can only be issued by banks and other financial institutions. They are also unsecured, negotiable, and often issued in bearer form. When money are scarce but credit is in great demand, banks provide these. They aid in directing funds toward investments. Typically, they are given out for 90 to 365 days. Certificates of Deposit cannot be discounted by banks.

Measures to Check Inflation

The growing cost of goods and services over time is referred to as inflation in economics. As a result, consumers' buying power decreased since the pace of salary and income growth was slower than the rate of inflation. But limiting inflation is not an easy feat. Numerous variables, including rising money supply and aggregate demand, are to blame for the price increase. Thus, a variety of strategies must be used in concert to manage inflation. The three primary ways to control inflation are as follows. However, inflation rates over a certain point may have severe effects on the economy. In order to control inflation, the government implements specific policies. Let's examine this in further depth. The Indian money market is divided into many sub-markets, each of which deals in a certain kind of short-term lending. The money market satisfies the borrowing and investment needs of suppliers and consumers of short-term funds and, by acting as an equilibrium mechanism, maintains a balance between the supply and demand of short-term funds. It also acts as a focal point for market interventions by the central bank.

Monetary Measures

The government will use a variety of calculations and measures to control the inflation rate. Monetary measures are among the most popular and often used methods to achieve this. Therefore, the government makes an effort to regulate the flow of credit and money into the economy with the assistance of the Reserve Bank of India. Controlling market liquidity is a practical method of limiting economic inflation.

Fiscal Measures

The government's budgetary policies are just another tool it uses to control inflation. These monetary controls on inflation primarily consist of two parts. The first is a decrease in consumer spending (which boosts tax income) and the second is a decrease in government spending or expenditure. Controlling private expenditure is the more acceptable option between the two. This is accomplished through raising the taxes and tax obligations owed by private firms and corporations. In turn, this causes businesses to cut down on spending, so reducing inflation. If this is not feasible, government spending may be constrained. However, this may not be the best case scenario since it might postpone crucial social welfare programs pertaining to health, education, and other vital facets of society.

Price Control

Controlling prices is one of the strategies for reducing inflation. So, during periods of fast rising inflation, the government can simply stop any further rise in commodity prices. Therefore, rising prices are temporarily restrained. This is not, however, a long-term fix. Therefore, long-term price regulation cannot, by itself, regulate the rate of inflation in an economy. It is effective as a temporary solution. As during and after wars, when price limits are enacted by the government to address the sharp increase in the cost of goods. To accommodate demand and mitigate price increases, the government might import necessities. But this is just a temporary solution. Long-term, domestic supply must exceed domestic demand.

Money Market Instruments

The following are some of the instruments of the Money Market

Treasury Bills

The most important financial product in the money market is the Treasury bill, which is issued for 91,182,360 days, or less than a year. They are issued by the central government to provide the market with short-term money. Any anyone who resides in India may buy these notes, which may be issued as regular or special treasury bills. As and when necessary for the cash reserve ratio duty, banks may transform their constitutional liquidity ratio kept in the form of treasury bills towards cash.

Promissory Notes

It is a written agreement between two parties to make a payment of a certain sum at the time and date specified in the note. A promissory note is typically executed for a term of 90 days plus the grace period of three days. It is a draw from the debtor which his bank must recognised in order for the creditor to get a discount from it from the institution on the due date.

Commercial Paper

High-ranking firms offer commercial papers, which are short-term obligations, to lenders as payment for recent funds received from them. Companies may only issue commercial papers for something like a minimum of 7 days as well as a maximum of 1 year if they have a net worth of at least 4 crore rupees. It is offered as a customer promissory note and is priced below its face value.

Certificate of Deposits

Certificates of Deposit are receipts that financial institutions issue for a certain period of time with a set interest rate. For a minimum term of 7 days and a maximum length of 1 year, those

certificates may be issued with a minimum amount of 5 lacs in multiples of 1 lac. They are issued at a rate determined by market forces at quite a discount to face value; in this case, the financial institutions are responsible for paying the stamp duty.

Inter-Bank Participation

If a bank has a high credit deposit ratio, it must reduce its advances or increase its deposits. This may be done by temporarily cutting down on advances by allowing other banks to join in the bank's categorized advance. It results in the participating banks receiving a participation certificate. Inter-bank Attendance Certificates were given out: When provided with risk sharing, the loan is given out for 91 to 180 days at an interest rate set by the taking part bank. Without Risk Sharing: If the loan is issued without Risk Sharing, it is issued for such a maximum of 90 days and the participating bank sets the interest rate.

Importance of Money Market

The country's economic development depends on the money market. More details about its significance are provided below: It provides for the trade and industry's financial requirements as and when they arise. The money market offers the advantageous avenues for obtaining the short-term cash from the commercial banks. The government may swiftly and at a low interest rate raise short-term funds from the market by selling treasury notes. It supports the RBI's large-scale open market activities and monetary policy formulation and implementation. It offers commercial papers for rediscounting and aids the RBI in controlling the flow of cash on the market.

Money Market versus Capital Market

Short-term funding is the focus of money markets. Long-term funding is dealt with in the capital market. The needs for operating capital are met by the money market. The fixed capital needs are satisfied by the capital market. Treasury bills, commercial papers, bill of exchanges, and other financial instruments make up the money market. The shares, debentures, bonds, and any other long-term security were considered capital market instruments. Money market transactions involving international banks and financial development organizations. Deals in the capital markets with investment banks.

Types of Monetary Standards

Metal standards and paper standards are the two basic categories of monetary standards. Monometallism and bimetallism are the two sorts of metallic standards that may exist. Let's examine the various monetary standards in further depth.

Monometallism

Also referred to as Single Standard, just one metal is used in this instance as the standard form of money. One metal, such as the gold standard or the silver standard, serves as the foundation and only source of support for the whole monetary system. Coins are therefore constructed of a single metal exclusively. This indicates that these coins are accepted as legal money in all everyday transactions. There is free coinage and infinite coin production.

Bimetallism

As the name implies, two metals are used as standard currency under the double standard or bimetallism system. To promote exchange, there is a predetermined legal ratio between the prices of the two metals. The two metals are often gold and silver. Consequently, there are two different sorts of standard coins available (gold and silver). Bimetallism is the simultaneous circulation of two different metal coin types throughout the economy. Both come with free money. Additionally, both are convertible into one another using the lawful

ratio of exchange. The fact that this system offers a robust currency for the economy is one of its key benefits. For minor transactions, silver may be utilized, and for larger ones, gold.

Paper Currency Standard

The dominant form of money in the economy under this monetary standard will be paper money. We may also refer to this currency system as a managed currency standard since it is often controlled by the nation's central bank, in India's case the RBI. Bank notes and government banknotes make up the money. The majority of nations on earth adhere to this currency norm. This is because the system is managed and regulated. An authority will thus keep an eye on the amount of money supply while also considering the stability of the economy's revenue and price levels. In terms of manufacturing, it is also highly cost-effective (currency notes). Additionally, they are far more practical than metallic standards.

CHAPTER 2
MACRO ENVIRONMENT

[1]Dr.Shakeela Banu, [2]Babitha B.S.
[1]Associate Professor, Department of General Managenement,
CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Assistant Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]dr.shakeelabanu@cms.ac.in, [2]babitha@cms.ac.in

A macro environment is the collection of circumstances that affect the economy as a whole as opposed to just one industry or geographical area. The macro environment, in general, comprises developments in the Gross domestic product (GDP), inflation, employment, expenditure, and monetary and fiscal policy. As contrast to the performance of a particular business sector, the macro-environment is intimately related to the overall business cycle. The macro-environment, as opposed to specialized marketplaces, refers to the overall state of an economy. GDP, fiscal policy, monetary policy, inflation, employment rates, as well as consumer spending all have an impact on the microenvironment. Business choices about items like spending, borrowing, and investing are impacted by the macroeconomic climate. The macro-environment refers to how a company's or sector's performance is impacted by the macroeconomic circumstances in which it works. Instead than focusing on specific markets and sectors, macroeconomics examines the overall level of output, expenditure, and prices in an economy. The degree to which a company's operations are reliant on the state of the wider economy determines the degree of a macro environment's effect. The macro environment has a greater impact on cyclical sectors than it does on core staple industries. Interest rate adjustments and changes in the world's financial markets have a significant impact on industries that heavily rely on credit to fund consumer purchases and company expenditures. The capacity and willingness of consumers to spend may also be directly impacted by the microenvironment. Variations in consumer expenditure may have a significant influence on the markets for luxury goods and high-end consumer products. Businesses and economists regularly analyze consumer responses to the overall macro-environment as a sign of an economy's health.

Factors of the Macro Environment

Strategic management heavily relies on microenvironment analysis. PEST (political, economic, socio-cultural, and technological) analyses are often performed by business analysts to identify macro-economic issues that presently or potentially in the future will have an impact on company. The following are some of the main components of the macro environment:

Gross Domestic Product

The Gross Domestic Product (GDP) is a gauge of a nation's output and service and good production. Each quarter, the Bureau of Economic Analysis publishes a report on GDP growth providing gives a comprehensive assessment of the production of goods and services from all sectors. Corporate earnings for the economy, a different indicator of an economy's overall productivity, are particularly important to GDP.

Inflation

A significant aspect that economists, investors, especially consumers closely monitor is inflation. The Federal Reserve regularly monitors it because it has an impact on the buying power of the US currency. The Federal Reserve has set a 2% annual inflation objective. The buying power of the dollar is considerably reduced over 2% inflation, making every dollar less valuable as inflation increases.

Employment

The Bureau of Labor Statistics calculates the number of people employed in the US and publishes a monthly report on corporate payrolls and the unemployment rate. The Federal Reserve additionally aims to control employment levels via credit expansion and monetary policy stimulation. These measures might lower corporate borrowing costs and boost capital expenditures and business growth, which would boost employment.

Consumer Spending

In the second quarter of 2021, consumer expenditure accounted for 54% of the country's GDP, and it is largely regarded as a key measure of macroeconomic success. Consumer spending's sluggish growth or reduction indicates a drop throughout aggregate demand, which economists believe to be a sign or perhaps the root cause of macroeconomic economic crises and recessions.

Monetary Policy

The monetary policy actions of the Federal Reserve are a significant element affecting the macro environment inside the United States. Interest rates and credit availability are often at the focus of monetary policy measures. One of the key levers of a Federal Reserve's monetary policy powers is the limitation of federal interest rates. As a benchmark for all credit rates throughout the wider market, the Federal Reserve establishes a federal funds rate during which federal banks may borrow from one another. Rates are increasing as a result of the hardening of monetary policy, making borrowing more expensive and unaffordable.

Fiscal Policy

The term "fiscal policy" relates to government spending, borrowing, and taxing decisions. High tax rates may make it harder for people and businesses to save, invest, and operate. Market expectations for future tax rates, inflation, especially macroeconomic stability may be affected by the magnitude of a government's yearly deficits and total debt. Spending by the government fuels borrowing and taxes; it is also often used as a tool of policy to attempt to promote economic activity throughout slow periods and make up for weak consumer spending and company investment during recessions.

Macro Environment Analysis

A company's strategic management includes macro environment analysis, which allows it to examine and identify prospective possibilities and risks that might have an influence on the firm. The objective is to provide management with information that will help them make operational choices in advance. Some businesses may hire analysts who are qualified to assess macro environmental variables and provide suggestions in light of their study. These experts will examine the broad macro environmental dynamics that are influenced by elements including politics, the economy, demography, and technology. A macro-environmental influence that may affect a firm is politics, for instance. These are rules established by the government or businesses with regard to the sector in which they operate. For instance, a government may impose tariffs that raise the price of an imported commodity

a business requires to produce its goods. The corporation may hunt for a local supplier for these things that is less expensive than the imported commodity rather to paying the tax. They will have to buy the more costly imported items if they can't locate a local supplier. The corporation will often need to raise product pricing to cover the higher costs, which must be passed on to the customer. If sales decline as a result of the company's increased pricing, this might lower the company's revenue.

Micro Environment

The immediate surroundings of an organization are referred to as the micro environment, and they often have a direct impact on the company. The task environment is another name for it. It is crucial for a company to track and assess every component of its micro environment, such as clients, rivals, etc.

Elements of Micro Environment

Let's take a quick look at all elements of a micro environment:

Customers and Consumers

Customers are those who purchase goods or services from a company. Simply said, a business cannot function without its consumers. The final user of the product or service is a consumer, on the other hand. For instance, a spouse could buy something for his wife. In this instance, the woman is the consumer and the husband is the client. A profitable company closely monitors both its clients and the users of its goods and services. It must keep an eye out for any changes in the consumer's interests and preferences as well as their purchasing patterns.

Competitors

Every industry is competitive. Other businesses that compete with one another for resources and markets are known as competitors. Therefore, it is crucial for a company to be aware of its rivals and be able to assess any dangers they may provide. A company must always be aware of its rivals, including the most aggressive and potent ones, as well as their advantages and disadvantages. An organization may also face direct or indirect rivals. When two or more companies engage in the same commercial activity, they face competition for resources and markets. Direct competition exists here. For instance, the shampoo brands Pantene and Sun Silk are direct rivals. On the other hand, since they provide distinct goods yet compete for the same market, a five-star resort and a luxury vehicle manufacturer are indirect rivals.

Organization

The self-analysis of the organization itself is one of the most crucial elements of the micro environment of an organization. It must be aware of its own strengths and shortcomings, the business's aims and ambitions, and the resources that are available. The non-specific components listed below may have an impact on an organization's performance:

Owners: Individuals with a significant stake in the business who are motivated by the success of the enterprise.

Board of Directors: The board of directors is chosen by the shareholders to supervise the company's overall operations and guarantee that the interests of the shareholders are upheld.

Employees: The success of a company is greatly influenced by the people that work there. It's critical that all staff members support the mission and goals of the company.

Market

The total number of consumers does not represent the market. The company has to research the market's size as well as its potential for expansion and attractiveness. Several crucial concerns include: The market's cost structure, its price sensitivity, its technological structure, its current distribution system, and its level of maturity.

Suppliers

Another crucial element of the micro environment is suppliers. For equipment, raw materials, etc., businesses rely on several suppliers to keep up production. Suppliers are a significant factor since they may affect the cost structure of the sector.

Intermediaries

Another important deciding factor in business is intermediaries. The majority of consumers don't know who makes the things they purchase since they go to merchants, department stores, chain stores, or internet retailers to make their purchases.

Environmental Scanning

There are internal and external environments for every company. It is crucial for the firm to routinely scan its surroundings to analyze advancements and comprehend variables that might support its performance if it is to be successful. Organizations employ the technique of environmental scanning to keep an eye on both their internal and external surroundings. In order to make strategic business choices, the scan's goal is to identify opportunities and dangers impacting the company. As part of the environmental scanning process, the organization gathers data about its surroundings and analyzes it to predict the effects of environmental changes. In the end, this enables the management group to make knowledgeable judgments.

Important Factors for Environmental Scanning

An organization must consider the following actors when scanning the environment:

Events are particular happenings that occur in many business environmental areas. These are critical to the operation and/or success of the company. Either the internal or exterior environment might be the setting for an event. Organizations may keep an eye on and monitor them.

Trends: As the name implies, trends are broad trajectories or patterns that the events follow. They are collections of connected or related events that have a tendency to proceed in a certain way. Trends may either be favorable or unfavorable. An organization may spot any shift in the intensity or frequency of occurrences that point to a change in a particular area by keeping an eye on trends.

Issues: Following the events and developments, various worries can surface. They are problems. Organizations work to spot impending problems so they can take action to stop them in their tracks. Finding new problems, however, is a challenge. Emerging problems often begin with a change in values or in how the issue is seen.

Expectations: Based on their concern about certain situations, certain interested organizations have requests. These are expectations, not demands.

External Influences on Corporate Objectives and Decisions

For every kind of company, understanding the environment in which it develops is just as crucial as understanding the internal forces at play. In order to prosper in its future endeavors, a firm must look to external factors and adjust in accordance with them rather than relying

just on its business strategy or its advantageous location. In this method, a corporation might more accurately forecast which goals can be achieved and how many resources, such as time and talents, would be needed to do so. Owners and managers must distinguish between concerns that will affect how the firm is run and ignore those that will not. This can only be done if internal variables have been properly recognized. This course will teach you how to recognize external factors affecting business goals and make choices taking into account those factors' unique characteristics; questions at the end will help you verify these ideas.

Systemic factors

Corporate goals may be impacted by a variety of external factors that are interconnected. The economic climate, competitor effectiveness, technical advances, and legal and environmental limits are the four primary types of systemic elements that are applicable to practically every kind of organization. These are the external influences we focus on for the purposes of this course. The weather, infrastructure, client base, and trends are four more significant internal variables.

Economic Environment

The economic environment affects how the economy is set up and how limited resources are distributed on the market. Given that it may affect all facets of corporate behaviour, it is undoubtedly the most significant issue for the majority of organizations. A firm has to be aware of a cycle on which it is now functioning (upward or downward) and the pace of changes, i.e. quicker or slower growth/decline. This is because every economic system experiences periods of growth and decline. Many firms succeed during times of high economic expansion, whereas those that are weakest and least productive face foreclosure during times of rapid economic collapse. Economically speaking, economic downturns allow for the purging of economic systems by putting out of business those that are less effective and robust, much too how the natural selection process works, according to evolutionary theories. Even though it is difficult to forecast future economic circumstances, the majority of firms actively monitor the situation of the economy via conferences, intelligence networks, including research conducted by both internal and external experts. A company requires backup plans in case the economic climate undergoes a significant shift. The most adaptable individuals rather than necessarily the bigger ones are the ones who can quickly alter.

Competitor efficiency & technological advances

While monopolies still exist in the majority of global markets (despite being prohibited in many), most firms are very interested in what the competition is doing and how it is doing. In reality, as competitors would aim to achieve the most favorable position via diversification, differentiation, or some other kind of corporate strategy, competition might significantly impair a company' capacity to create revenues. A company may be compelled to enhance its internal procedures in order to stay competitive in its market by delivering at least a comparable performance as a result of changes in the efficiency, quality, value, and speed of the competition. As a consequence, it significantly affects the company's financial outcomes, human resources, and resource allocation, or key corporate goals and plans. Technology advancements, both external and internal to the organization, have a direct impact on corporate goals and choices. Innovation really shapes markets significantly, and expensive manufacturing businesses. Innovative ideas that boost a firm's efficiency and enable it to better meet consumers' requirements and desires might help a company lead its industry.

Legal & environmental considerations

A market that is becoming more and more regulated might make it difficult to do business, especially when it comes to legal and environmental issues. If the product or service is

strictly regulated, or even outlawed, the effects on the organization might be profound. The tobacco business, and specifically the makers of cigarettes, is the most prevalent example during a time when public smoking was controlled by laws in the majority of western nations. Although the firm has little influence over these limitations, they may nonetheless have a direct impact on it.

External influences on corporate objectives and decisions important factors

Weather

Businesses that are susceptible to it, such as those in the agricultural and recreational sectors, may see a direct impact from the weather. Periods of extreme weather might have a direct negative influence on harvests, which would immediately affect the producers and indirectly affect everyone who needs the product to operate their enterprises (for example, those who need coffee, rice, cereals, and so on). If prices for the finished product are maintained at the same levels, it might diminish a company's profit margin by raising its manufacturing costs. Companies often increase their prices to address the shift, which lowers the amount of demand for items that are price elastic. Major weather-related disasters could have an effect on an entire economy both directly and indirectly; for example, in the past ten years, numerous instances of extreme heat waves, droughts, and wildfires drove commodity prices to record highs, resulting in widespread poverty and fatalities in many nations. Businesses should develop contingency plans to minimize losses due to periodic and well-known threats for the region(s) involved, such as hurricanes, storms, inundations, and so on. Local and regional calamities might potentially have a significant effect on a firm.

Infrastructure

A business's environment's infrastructure, or the physical organization of buildings and facilities required for a society to operate, might have a significant impact on it. In actuality, zoning regulations, road improvements, and real estate developments may affect how business is conducted. This is especially true for businesses that rely on their physical location, such as retail outlets, lodging facilities, and restaurants. Changes to the infrastructure around a firm might either leave it untouched or have a significant good or negative impact on it, which could endanger its existence or result in success. In any case, companies should be conscious of their surroundings and attempt to anticipate, if at all feasible, any changes that may be coming to their local area in the near future.

Strategic Planning

Setting priorities, concentrating energy and resources, bolstering operations, ensuring that employees and other stakeholders are working towards common goals, establishing agreement around intended outcomes/results, and evaluating and adjusting the organization's direction in response to a changing environment are all examples of how strategic planning is used in organisational management. With an eye on the future, it is a focused endeavour that results in basic choices and actions that define and direct what an organisation is, who it serves, what it does, and why it does it. Good strategic planning lays out not just the direction an organisation is moving in and the steps that must be taken to move forward, but also the metrics by which it will judge its success. Making future risk-taking and entrepreneurial choices while having the greatest possible understanding of their likely consequences is what it entails. Thus, the creation of strategic alternatives is a problem of operational strategic planning. Strategic planning is a forward-looking activity that decides the enterprise's future prospects by picking one of the options and describing it. As corporate strategy is primarily focused on the long-term characteristics of company, it is more comprehensive. It is a procedure through which an organisation develops a set of its mission, purpose, goals,

policies, strategies, and programmes for execution after considering both internal and external elements.In order to establish business strategies, strategic planning is a methodical and disciplined process that may be applied to the whole firm or to certain business units that have been designated as strategic business units within a division-aligned organisation.

Strategic Planning Elements

The following components of strategic planning are included:

Environmental analysis to find hazards and possibilities for the company.

A review of the company's advantages and disadvantages. In this way, strengths may be things like a solid financial situation, cutting-edge technology, etc., whereas weaknesses could be things like a bad reporting system, etc.

Locating and choosing strategic options for the business. In order to find strategic options, it is necessary to compare the company's strengths and weaknesses to its surroundings. The senior management's personal principles and the company's social responsibilities may be used to pick strategic choices.

Determining the strategies and policies that will control the procurement, use, and disposal of corporate resources is another aspect of strategic planning.

Strategic Planning's Types

Determining the fundamental, long-term goals and objectives of an organisation, adopting action plans, and allocating the resources required to achieve three goals are all parts of strategic planning.It is necessary for strategy formation to identify opportunities and threats in the business environment as well as to quantify the risks associated with the options that have been chosen. The company's strengths and shortcomings must also be evaluated in order to capitalise on alleged market demands. Personal values, aspirations, and ideals do have an impact on the choice of strategy; as a result, these considerations are equally important to the intellectual process of determining what a company might be able to do in terms of environmental opportunity and what it can do in terms of preferred values. The business responsibility to stakeholders in the community and to other societal groups is another factor taken into account when formulating a strategy.

Alternative Strategies

Strategic options are several courses of action that an organisation could at some time choose. These options are eventually essential to a company's success. They are affected by outside forces over which the organisation has only a limited amount of control.

Developing Strategic Options

For survival and expansion, any organisation has to choose alternate courses of action. Depending on the size of the company, the technique may vary from one organisation to another. The top executive or the owner themselves make all decisions.

Finding alternate strategies

Sessions for Brain Storming

In the majority of organisations, during the brain storming sessions, strategic options are found. Participants are urged to propose whatever plan of action they believe is viable. The relative strengths and flaws of the alternatives are not given any weight at this time. Before choosing one or more options, each alternative is examined and assessed. Using the available resources as criteria, the chief executive chooses the solution that best fits the situation.

Particular Meetings

For the purpose of creating strategic options, large organisations organise special meetings. Together with alternate situations and suggested actions, the participants present. Alternative paths of action are often advised based on values and predicted trends. During the conversations, an effort is made to reach agreement.

Independent Consultants

This process is predicated on the idea that an outsider can evaluate the options objectively. Executives who have been closely engaged in a project are often so invested in it that they lack objectivity and fail to see its flaws. In these circumstances, hiring a third party consultant could be a more efficient approach to develop objective strategy choices. A fresh, outside perspective is anticipated and may reveal several new prospects for the firm.

Classification of Strategic Alternatives

Strategic options may be categorised from the perspective of an organisation based on the level of risk they pose.

Niche Approach

Niche refers to focusing on a particular product and market. It is a plan with a very low risk level and reflects the normal small business conduct. Such organisations are wary of expanding since doing so might lead to management, labour, and legal issues.

Integrating vertically

This has two possible guises: backward and forward. Purchasing suppliers who have been designated as the company's essential inputs is known as backward integration. Forward integration refers to a strategy where businesses use their own distribution network to attempt to reach customers. The organisation uses forward integration to benefit from the improved customer interaction.

Vertical Extension

A company experiences horizontal growth when it introduces new goods or enters new markets. The majority of pharmaceutical firms use this approach.

Diversification

As a company diversifies, additional goods or businesses are added, either connected or unrelated to the present firm. It entails a significant level of risk since it entails producing new products or entering markets that the firm is inexperienced with.

Selection and Execution of a Strategy

The process of reducing a large number of potential strategic alternatives begins with taking into account the strategic gap after the study of the company's current and expected performance based on existing strategies and the evaluation of desired performance is completed. The perceived discrepancy between the desired performance and the performance anticipated under the current strategy is known as the strategic gap. A gap might be very wide or relatively tiny.

One would anticipate that the current technique would be used if the gap was assessed to be small. Increased performance above the desired level or unfavourable changes in the environment that might result in subpar performance from the current techniques in the future may result in a wider gap. Due to environmental opportunities and risks, there will likely be a considerable positive and negative gap. Small and medium-sized businesses simply need to

implement one of the strategies. Large, complex, multi-product organisations are most likely to use a mix of tactics. Large domestic private sector enterprises in India often choose growth-oriented approaches.

Implementations of Strategies

When new missions and visions are needed, as well as when there are possibilities both present and potential, strategic management may be put into practise. The process of putting plans and policies into practise by creating programmes, budgets, and procedures is known as implementation. While high management usually reviews it, it is normally carried out by middle and low level management. Programmes and processes, however, are only more elaborate blueprints for the ultimate application of strategy.

Growth Approach

The sales and earnings of your business will significantly be impacted by a well-developed expansion plan. You may boost your market share or even enter new markets with an efficient growth plan, assuring the long-term success of your company. You may choose the development strategy that is appropriate for your company by being knowledgeable about the many sorts of growth strategies.

A growth strategy is a tactical plan used by companies to boost sales of their goods and services and consequently increase market share. Expanding a product line, opening new locations, or investing in client acquisition are all examples of growth tactics that help firms overcome obstacles.

Make a growth plan

The measures you may take to develop a successful development plan for your company are listed below.

Decide what your value proposition is identifying your competitive advantage is the first step in developing a growth plan. Think about the reasons why people choose your company when they need a service or product similar to what you provide. Consider what makes you unique compared to your competition and what keeps you relevant. Determine the reasons why prospective clients should pick your company using the answers to these questions.

Determine who your target market

You must first comprehend who you now serve in order to comprehend how you wish to expand. Start by taking a look at your present clientele. Consider which of your consumers generates the most revenue or is the most valuable to your organisation. Furthermore consider what makes them unique.

Recognize your present sources of income

Finding all of your present income sources is the next stage. Take into account if there are any other income sources you may introduce to increase the profitability of your business. Examine the sustainability of these new income sources. Likewise, notice if you have any ideas or goods that don't have any sources of income.

Have a look at your rivals

Take a look at firms that are directly competing with you as well as comparable ones that are expanding in other ways. Think about the reasons behind the decisions those companies took and if they are in a unique position. Think about the adjustments your company may do to better position itself to gain market share.

Create a growth strategy

Choose a potential development area

Understanding where you wish to grow is necessary for development. A few of the most popular expansion efforts include: Adding personnel, Boosting sales and earnings, launching a web shop, Selling in new establishments, Adding more goods and services, Opening more branches or locations, and Expanding Your Warehouse Or Retail Space

Carry out market analysis

You must do market research to ensure that your plan is workable after deciding how to expand your company. You may want to think about conducting surveys or looking at previous studies in your field. Your budget for the growth plan, your schedule, and your final objective may all be decided upon using the information you gather at this step of the process.

Establish objectives

The next stage is to decide how much you want to develop once you've identified whatever area of the company you are expanding. What you want your company to become should inform the objectives you establish. Nevertheless, it's also crucial to make sure your objectives are manageable and attainable, which is why the market research stage is so crucial.

Make a plan

The next stage is to create a thorough growth plan. Your plan should contain a thorough description of the tasks that your team must do, the individuals who are in charge of each work, and the completion dates for each task. A list of the resources you will need to reach your development target should also be included.

Think about hiring additional people

You could need to add staff, depending on the size of your present team and your long-term development goals. Employing talented people who are driven by your company's value proposition is vital since they will typically work harder and feel more committed in the company. This is because many of your workers will likely have direct contact with your consumers.

Identify the conditions for growth

The last stage before implementing your growth plan is to see whether there are any particular resources that will make it simpler for you to achieve your growth objectives. Tools for growth include, for instance:

Increase Organic Expansion

To expand or scale their company, companies may employ a variety of tactics, including organic expansion. Organizations may improve their production via organic growth, draw in new clients, develop fresh goods or services, and inspire trust in their investors. The company where you work can achieve its sales and performance goals on its own by understanding organic growth. Organic growth depends more on internal initiatives that organically generate sales and revenue than it does on external market expansion. Putting organic development into practise entails making efficient use of the funds and resources at hand as well as gaining a thorough grasp of the target market. Companies may utilise tactics like hone their brand, optimise their performance measures, and continuously search for possibilities for improvement to achieve organic growth. A business approach called organic growth aims to

boost a company's development via internal initiatives. It's an essential performance indicator that demonstrates how effective management and industry best practises may help a company grow its profitability, sales, customer base, and market share. Using internal knowledge, talents, skills, experience, and brand recognition effectively is necessary for organic development. It relies on an organization's capacity to grow its clientele both organically and via acquisition of new consumers. Organic growth is a sign of strong leadership and a company's dedication to long-term development objectives. Inorganic growth, which relies on takeovers, mergers, and other tactics that raise a company's assets, liquidity, and liabilities, is different from organic growth. The expansion must originate from inside the company's current businesses for there to be organic growth. In order to reach their strategic goals, successful businesses seek organic growth through a variety of tactics.

CHAPTER 3
ORGANIC GROWTH FOR COMPANY

[1]Dr. Ujjal Mkherjee, [2]Supriya Rai
[1]Associate Professor, Department of Organizational Behaviour and Human Resource, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Associate Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]ujjal.m@cms.ac.in, [2]supriya@cms.ac.in

Many advantages may result from organic development, including:

Increased production: As organic development involves using existing resources to expand a company, companies that employ this method up their output to accommodate the various client needs. Organizations often choose target markets that will pay for their goods and services in order to improve production.

Increasing the size of the consumer base: Companies that seek organic growth might enlarge their clientele. Also, they often develop better advertising and marketing strategies to reach more prospects and persuade them to make purchases.

Product and service innovation: A larger client base translates into more flexible product and service development to better meet the particular requirements of different market groups. Organic growth goals assist businesses in enhancing their R&D initiatives, comprehending the demands of their clients, and developing goods and services that address market issues.

Increased investor trust in a company's capacity to provide growth and match shareholder expectations is a result of sustained organic growth. Companies that successfully employ resources to accomplish their objectives often attract investors and enjoy better stock market valuations.

Consider any software or technical resources you would need to hasten the expansion process.

Services: Take into account if any designers or consultants may assist you in carrying out your strategy more successfully.

Funding: In order to properly implement your expansion plan, you may want to think about seeking for finance.

Increase organic growth

Using money and productive resources effectively, having strong management, and having a thorough grasp of your market are all necessary for generating organic development. Eight tactics are listed below that may boost a business' organic growth:

Recognize your clients

Understanding and researching your target customer is a key tactic for boosting organic development. Making educated judgements throughout the creation of products and services is made simpler when you have a strong grasp of your market. Since you can concentrate your campaigns on the tastes and requirements of the target audience, your marketing efforts

may also be more successful. You can create relevant brand message and strengthen the market position of your business with the aid of the data you get through customer research. It could also enable you to develop effective sales strategies that target the main issues of a ready market.

Determine your market segment

Finding target markets and concentrating on niches that are most likely to purchase the company for which you work is necessary to increase growth organically. Businesses that rely on organic growth intentionally concentrate marketing efforts on target market segments where they have a track record of or anticipate finding the greatest success, as opposed to attempting to sell to every market. Focusing your marketing efforts on certain niche markets might assist you in developing unique goods and services that may best meet various client preferences. Also, you may be able to create more targeted marketing campaigns and include every customer category on the appropriate platform. By doing this, you may enhance communication and get useful feedback to raise client satisfaction levels.

Make a distinctive brand image

Making your firm stand out from the competition in terms of voice and brand is a terrific strategy to boost organic growth. A distinctive brand may set a company apart from its rivals by offering unique goods, services, perks, or features. Branding enables a business to create a distinctive brand voice that emphasises the benefits customers can only obtain from that business, which may increase market share and improve revenue. Make sure a brand differentiator is accurate, verifiable, and relevant to the target market if you want it to result in improved organic growth. Verifiable proof of the value clients could get from a company's goods or services can be found in its message. Moreover, it could show how the business's knowledge helps consumers solve their difficulties and other characteristics that make its goods and services the ideal response to their concerns.

Invest in currently operating, high-growth businesses

Reallocating resources from other parts of a firm to current activities that provide better returns is one of the greatest ways to boost organic development. To increase the quality and output of a product, this may entail making an investment in a larger plant. To better target its clients on their chosen social media networks, a business may switch resources from conventional marketing to digital advertising. The company normally conducts an analysis of its activities to identify those that may benefit from more funding in order for this plan to be successful.

Make fresh offers

Developing new goods, services, or business models is another efficient method for enhancing organic development. The information gleaned from client research may be used to pinpoint the different market groups that make use of the company's goods and any gaps in client expectations. With the use of these inputs, you can design and create better goods and services that cater to the particular requirements of different consumer groups, therefore attracting more clients and boosting sales. New business models may also contribute to organic growth. Many approaches to service the market are made possible by advancements in technology and customer behaviour. Find or develop fresh business concepts in an effort to capture a sizable market share.

Increase performance improving internal performance may also lead to organic development if you've identified a consumer base and created goods and services that satisfy their requirements and expectations. For instance, a firm may alter its sales approach to boost

recurring business or expand its market share in new areas. You might also try to cut down on organisational waste by improving employee productivity or internal technology.

Keep tabs on important performance indicators

You may discover both successful and unsuccessful campaigns, goods, services, and business models by measuring performance indicators. In order to enhance outcomes, you may cease or modify other offers while scaling high-performing ones. Data analysis is a crucial role of performance metrics. Businesses that rely on organic growth often learn how to gather information from a variety of sources in order to evaluate the health of their operations. Based on this information on long-term objectives or goals, these companies may also provide insights that can be put into practice.

Determine the company's strongest suit

A business may pursue organic growth using a single strategy or a number of them. Others may choose only one strategy to increase organic growth. Find the company's top strengths and develop data-driven strategies to enhance or promote them if you want to build sustainable development from within.

Every action you do should include some kind of strategy. The culture of the company and its employees should be based on it. Nevertheless, if you don't make an effort to point it out specifically, you won't obtain the attention or momentum you need. Hence, you must begin with a straightforward structure that offers a strategic language that everyone can comprehend and support. Everyone should understand precisely what is meant when someone asks, "How are our strategic goals going?" It provides a straightforward manner to discuss the execution of a plan while avoiding superfluous verbiage. As opposed to the more common "vision and mission" combination, we purposefully opted to simply provide a vision statement since we discovered that many find it difficult to distinguish between the two. We just provided a vision statement since we don't want any confusion of any type when discussing how the plan will be implemented.

The impact of technological change and strategies

According to Moore's Law, CPU complexity is doubling at an ever-increasingly rapid rate. In the current world, businesses have a half-life similar to that of microprocessors. The speed of business is seeming to pick up due to technological advancement. In 1958, Standard & Poor's listed firms had an average age of 61. According to McKinsey, the typical firm was still in its teens at the age of 18 in 2012, down from 25 years in 1980. This pattern of discontinuity meant that by 2020, the average life expectancy of the firms included on the S&P500 index would be 10 years, as anticipated by McKinsey's experts ten years before. The continued existence of whole industries would seem to be threatened by technological transformation if we observe this trend and consider the technology-driven business strategies of companies like AirB&B, Amazon, Apple, or Uber, for example. In a recent study of SMEs by Commerzbank (2015) titled "Management in Change: More Digital, More Efficient, More Flexible," a full quarter of the 4000 respondents expressed concern about the future viability of their traditional business models in the face of digitalization. The rise of automated production, "computerization," the Internet of Things, and Industry 4.0 heralded changes in industrial production that are putting no less than 18 million jobs at risk in Germany alone, according to a May 2015 study by the ING-Diba Bank that cited the findings of Frey and Osborne (2013). That would be 59% of regular and part-time employment in Germany, compared to Frey and Osborne's already grim projection that 47% of jobs in America were in jeopardy. The individuals rendered redundant—in more ways than one—by the emergence of Industry 4.0 would not only experience their departure as a direct and severe effect on their

own salaries and expenditures. Not least in light of the present demographic shifts and the fresh migratory flows, it also has an impact on the basic foundation of the political and economic well-being of the afflicted nations.

When we look at another recent research, these dangers seem much more urgent. In a research titled "Germany 2064. The Future Our Children Live In," released by A.T.Kearney in 2015, it was predicted that among Germany's top 50 hidden champions, 86% will work in conventional sectors and just 14% in creative ones. Compared to the 6% formed in the 50 years following 1964, 94% of them would have been established before to that year.

The same holds true for other developed countries as it does for Germany, a global economic powerhouse. New business models might be created as a result of technological advancement, but it also threatens to upend long-established marketplaces, sectors, or economic tenets that still depend on widespread and active involvement. Companies are under strain due to the danger to their existence. Creating strategies that are long-lasting requires not just an awareness of how markets are evolving, but also an appreciation of how engagement in the fundamental economic and value-creation processes can protect sound consumer behaviour. If we summarise what these studies are showing us, we can make a number of judgements regarding the strategic course that organisations should take: Due to developments in many dimensions occurring at once, businesses are confronting enormous, radical difficulties: More and more goods and services are being duplicated and replicated for the worldwide market. The pressure on margins and earnings is worsening, and unique selling features are being lost. The struggle for skilled labour and the exploitation of natural resources will likely be most pronounced in emerging nations, particularly in those that will endure escalating drought and sea level rise.

Around a fifth of the planet's more than six billion inhabitants are directly or indirectly at risk from desertification. More than 40% of Earth's agricultural surface is spread over regions with little rainfall and high evaporation, including sections of Argentina, Brazil, Chile, China, India, Pakistan, Central Asia, and Africa. Closer to home, the United States has experienced catastrophic droughts and water shortages that have caused roughly a third of its area to become desertified. When this is happening, hundreds of millions of people live in river valleys that are irrigated by snowmelt and glacier melt. Farmers in China's Yellow River Basin and the Indo-Ganges Plain will certainly experience significant water resource interruptions as the glaciers progressively melt.

A considerable increase, even by a foot or two, might compel tens or perhaps hundreds of millions of people to migrate since so many people on Earth live close to the water. Low-lying coastal areas are more susceptible to storm surges and stronger tropical storms. More than a million people left coastal Louisiana and Mississippi due to Hurricanes Katrina and Rita. Resources and shifting customer behaviour are posing new problems for businesses. From the beginning of the digital revolution, the quantity of information that is accessible to us has been increasing exponentially, yet the world is not becoming any simpler or easier to grasp as a result. The same is true of the marketplaces, where there are more goods and services available than any one customer could ever comprehend or expect to consume. In the markets, "the winner takes it all" scenarios are developing as particular corporations dominate, contributing to the deterioration of a healthy biodiversity in our economy. This is due to the continual acceleration of all elements of working life and the technological advancement.

Empires and Princedoms

The sort of business strategy proclaimed by Amazon, Apple, Facebook, Google, and Co. is

one of the best instances of "winners take all" structures and their destruction of healthy commercial biodiversity. The core of these businesses' business models is to turn users into "Princedoms" that they cannot or would not want to leave because doing so would result in a significant loss of data, content, or contacts. These "Princedoms" are created with the personalised content, services, or connections that these businesses provide. In fact, the impact on the customer and the supply chain is comparable to that of mediaeval feudal princedoms. They were similarly governed by oligopolies, which clung to power by feudal connections. All of the residents of these princedoms were either vassals, courtiers, or plain serfs. Everyone made financial contributions to the system's upkeep via dues, levy, and forced labour. Consider UBER or AirB&B as examples of business concepts that are not too dissimilar from this. For instance, the transportation company UBER profits from independent contractors weakening the conventional taxi industry. UBER gains power as they put greater pressure on the outdated structures, but its vassals get next to nothing in exchange since their service does not enable them to make a living. This also applies to the privately rented-out rooms and accommodations offered through the website AirB&B, as well as to the numerous nameless app developers who help Apple, Android, Microsoft, or Google succeed with their respective content platforms and app stores. The majority of these developers work on their projects as a labour of love for little to no pay. What is being developed is well-expressed by the phrase "working poor." Like in the Middle Ages, Google & Co. are the "lords" of their world, which they subdivide into "courtiers" who receive a portion of the profits, "vassals" (suppliers who depend on their services, like Foxconn for Apple), and "serfs," or users and customers, who provide their "tithe," or data and content, to feed the feudal structure that they cannot or do not want to live without.

There are other companies than Apple, Google, and Co. that engage in "winner takes all" situations. Several old markets and businesses, which are fast turning into virtual oligopolies, are experiencing the same problem. We can almost speak of "inverse monopolies" in the production of float glass, in agricultural technology, or in the food industry in general (or food retail in particular). By this, we mean the capacity of one or a small number of companies to restrict access to markets in order to assert their dominance.

Oligopolies

Only four businesses: Saint Gobain from France, Pilkington from England, Guardian from the United States, and Asahi from Japan produce the majority of the world's float glass. These four businesses, who together control 80% of the European market, were forced to pay 487 million euros in antitrust penalties as a result of the 2004–2005 price rigging incidents. St. Gobain, a serial offender who had been connected to previous antitrust probes, was forced to pay the majority of that amount, totaling 134 million euros (as explained by Helmut Hauschild in his Handelsblatt piece on the fines on 29 November 2007).

A Reverse Monopoly

By taking into account the power of consumers in retail, the phenomena of inverse monopolies, or market domination via controlling access to the market, may be explained. Four companies—Aldi, Edeka, Lidl and Kaufland, and REWE—control 85% of the German food industry, according to a study by the German anti-trust agency that was released in April 2014. Their strong position does more than only put great pressure on suppliers. Moreover, they are using a flanking approach that uses their store brands to serve both the low and luxury sides of the market. Traditional brands are under attack from three directions, losing market share to customers of the top four retailers: First of all, in order for small and medium-sized producers to be able to sell their goods and products to big chains, they must be willing to comply with their demands for discounts, bonuses, and marketing subsidies. By

doing so, they can pay for the frequent consumer sales offers that the big chains make in order to get their products on the shelves. Second, because store brands are exempt from the same discounts and purchasing conditions, independent manufacturers are put under further pressure. The third component of the big four's tactics, which is: Further vertical integration in the supply chain, or facilities for manufacturing and processing that are held by the retailers, is sometimes associated with the emergence of the store brand. In terms of cost benefits, retailers are in the lead and are able to put even more pressure on their suppliers.

The outdated strategic ideas, which often succeeded during periods of 5-7 years, are starting to resemble Kronos' offspring. Time, or more specifically, the rate of change, is devouring them. With an eye on the megatrends (driven by technological evolution) of processes getting faster every day, old markets and services losing their natural boundaries, traditional businesses and business models falling by the wayside, and old USPs losing their meaning, we need to take into account the time ratio between the effort needed to change and the competitive advantages gained.

The Glauner: The ratio is 2:3 years starting from the moment a procedure to create new product features is started. In other words, businesses pay up to two years for a benefit they can only use for another year at most. The ratio changes to 2:4 years when new manufacturing processes are created, and the payback period for new structural or procedural organisations is 3:5. The time ratio is decreasing along with the time intervals between adjustments and the amount of information accessible to other market participants. The link between effort and results becomes more tenuous and may even be reversed. Since they are being shortchanged on the initial investment they must make, new advancements in product features, manufacturing methods, and procedural or structural organisations do not pay off for many businesses.

Outside of the conventional strategic aspects of product development, manufacturing methods, or organisational growth, long-lasting competitive advantages may be attained. Here is where organisational culture, or the adjustments made to people's attitudes, behaviours, knowledge, and values, comes into focus. Such changes take at least 5 years to implement, but if the ensuing culture is actually sustainable for the long term, they may ensure 20 years of competitive advantages. This is due to the fact that an organization's conduct and latitude are determined by its culture. Such cultures cannot easily be duplicated, unlike product characteristics, manufacturing procedures, or organisational structures. In this view, strategy creation is important since strategies are the result of a set of values that are reflected in the culture of the business. Hence, it would appear that the contrary is also true: If a particular culture takes at least 5 years to build and alter yet offers 20 years of competitive advantages. A business without long-term sustainable attitudes and behaviours would go slowly but inexorably in the wrong direction, similar to an ocean liner without a rudder. The corporation will probably run against the icebergs thrown in its path by the environment's changing currents since meaningful transformation takes time to become effective.

For the creation of strategies, this has important repercussions. As much as the strategists of the 1980s and 1990s would have it, responding to the ever-increasing changes by conducting in-depth analyses of markets or rivals is no longer sufficient. We need to comprehend the causes and effects of change rather than attempting to keep up with the changes that are always one or two steps ahead. It is important to look at changes and their impacts from more than just an economic perspective. It is true that the events that are presently endangering the future of many businesses and business models are the results of the predominance of economic thinking. In light of this, we need to reconsider our beliefs and mental frameworks that underpin the logics of conventional economic thought. In order to design business

models that are suitable for the future, we need a mental model of sustainable management that really predicts the consequences of change rather than just reacting to it.

Companies face three key strategic challenges as a result of markets and business processes that are growing ever more dynamic, sophisticated, and tightly packed: They must first continually reinvent themselves. Their ability to develop business models that add value in markets that are already bursting at the seams will determine their success and their long-term survival. This also occurs locally, when the pace of change is accelerating and the traditional time periods for company strategy are no longer relevant. Companies must, second, find a way to combine two seemingly incompatible traits high flexibility and unmistakable uniqueness in order to prosper in such marketplaces. By creating long-lasting relationship cultures that support the development of high-performance teams as well as value cycles and value chains that provide real advantages and added value, we may resolve this contradiction of contemporary corporate management. Finally, businesses need a keen awareness to sift through the data, connections, and interdependencies they possess to uncover the mechanisms that truly provide them a competitive edge. Complexity management seems to be at the core of contemporary management.

We must see people and aims differently in order to successfully complete all three duties of sustainably viable management. They are founded on a new understanding of values that alters not only the fundamental nature of strategic processes but also explains why even painstakingly meticulous strategic processes and change initiatives often slip and fail. According to John P. Kotter, poor implementation is the reason for 70% of all change efforts failing. According to McKinsey, this is a result of the inadequate design and implementation of strategies. Nothing has changed fourteen years after Kotter's warning. According to McKinsey's examination of 1546 management interviews, just 30% of strategic aims are really met to any appreciable degree. Even while we shouldn't necessarily believe the 70:30 story, a short glance at the business journals already reveals that although corporations hitting their goals are not uncommon, they are not the rule.

Between 2004 and 2011, both businesses were handled with distinct plans, which the organisations heeded and rigorously carried out. Nonetheless, the destinies of the two businesses in their primary market the sale of smartphones were significantly different. The previous undis- puted leader utterly lost touch with its market, in contrast to Apple, which essentially transformed Nokia's home market by itself. After Microsoft acquired Nokia's cellular division in April 2014, the company was driven out of its main business.

Apple and Nokia both followed conventional domination tactics in an effort to maintain their leadership in their respective industries across the board via technology. Nokia concentrated on the product as well as the infrastructure and accessories that make up the product's value chain. As part of its diversification plan, Nokia created not just mobile phones but also hardware and software for voice and data networks as well as consulting services for their creation, setup, and maintenance.

It began a joint venture with Siemens in 2007 called Nokia Siemens Networks B.V. for that purpose. In 2013, Nokia fully acquired Nokia Siemens Networks B.V. and renamed it Nokia Solutions and Networks. This strategy's goal was to create as much value as possible throughout an integrated value chain that included the whole cellphone market and telecommunications technology chain, from planning and running phone networks to creating and selling hardware and software to building the actual phones. The process chain including everything from setting up, outfitting, and running contemporary mobile communication, with all components from cellular towers to the phone in people's pockets, was Nokia's strategic priority.

Apple, on the other hand, did not replicate Nokia, Ericsson, or Alcatel-strategy Lucent's of concentrating on the development of hardware and software for mobile communication networks. Its main emphasis was on the human interface the interaction between a mobile device and its real user in the strictest sense. In essence, this is how Steve Jobs came up with the concept of smartphones. The administration of the technical processes involved in mobile communication was not the main focus. It was about comprehending what people genuinely want when they communicate, including the aesthetics, cool factor, and user experience of the gadgets. Apple thought that customers were more interested in a gadget that let them to accomplish what they desired, such as their demand for complete connection and multimedia communication, than in the greatest cellular technology. For this reason, Apple built the phone to be a platform and a medium for sharing data and materials, including images, movies, music, and phone conversations. Apple made the decision to fully integrate forward across a variety of media types and content channels, including iTunes and its App Store, by considering the user's perspective. This also gave Apple the freedom to keep expanding the components of its business model, which was no coincidence. Nokia lost sight ofwhat the user at its end actually desired as a result of its commitment to backward integration throughout the mobile technology chain, which was driven by its commercial emphasis.

Apple's decision to adopt a forward integration approach, as seen by its emphasis on redefining the human interface component as a new, user- and content-driven communication value chain, was the key distinction between its tactics and those of Nokia. Nokia, on the other hand, followed a backward-integrated system integration approach and had a strong vertical position of dominance across the technical value chain. Nokia's situation only became worse when it lost control of the smartphone industry since it had enormous manufacturing and research resources for system components that were locked up and could not be utilised elsewhere. Nokia's business model was affected by the loss of the mobile phone market. On the other side, Apple was dedicated to lean manufacturing and had contracted with a network of manufacturers. Apple is still nimble and adaptable thanks to this choice when the market's demands unexpectedly alter. If we look at Nokia and Apple's strategies from the perspective of an objective observer, we can see the fundamental problem with any strategy design at work: What influences the process of developing a strategy? The answer to this question would reveal every detail of Nokia's failure and Apple's triumph. The majority of the time, ideals that are unconsciously upheld shape how businesses see the world. If the firm really embodies and upholds the strategy and its core principles, it may be the driving force behind commercial success if the vision is in accordance with reality. Even if the corporation follows its strategy exactly, it will fall short of its objectives if the values do not align with the strategic view of reality. The introduction of values into the often logical and mechanical realm of strategy creation is affecting more than simply what we think of as the proper objectives for effective strategy development. It also implies that the logic of strategies and, therefore, the economic perspective of business as a whole, need to be called into question.

According to Carsten Knop's article for FAZ on June 10, 2015, titled "Apple retraining digital life," Apple has unveiled new tactics for the integration of business models. Apple News is slated to transform into a new multimedia channel, while "Apple Music" mixes the outdated iTunes store with a music streaming service for on-demand downloads. Apple has partnered with 20 media sources for its debut, including the "Economist," "Buzzfeed," "Bloomberg," and "The New York Times," offering 33 articles daily. According to the downloaded portal, "one million subjects" are accessible. Along with expanding to the U.K., Apple Pay has reached the first million participating shops in the United States. With regard to payment transactions, this puts "Apple is definitely positioned for a battle with established banks"

The Illusion of Rational Management in Today's Schemes

The foremost experts in the subject, like Porter and Hamel and Prahalad, contend that developing strategies will be the key to future competitive success. Given that it views all other management responsibilities as subordinate to this overarching goal, it is undoubtedly the discipline shown by senior managers by posing the following three queries: "What do you have a strong interest for? What are you the world's best at? What fuels your country's economy? Strategy development questions the business model and identifies the company's goods, markets, target demographics, and consumers. It is the logical approach to doing business in the future, with the term "rational" denoting a method that adheres to a framework and makes success quantifiable via an input-output calculation.

There are really three reasons why we should question if developing a strategy is the logical method to predict economic success. These explanations have to do with how reality, where our acts are situated and how we evaluate our own and other people's actions, is fundamentally hazy. Hence, whether or not anything is logical depends not on any particular order of events but rather on our assessment of whether the perception of reality that it is being stimulated by is correct or incorrect from our vantage point. Moreover, it suggests that rationality and logical behaviour are just a representation of the "correct" reality-perception assumptions that underlie how we, as people or organisations, think and behave.

We start to question the validity of our choices at this point since what is "true" is a matter of interpretation. Knowledge, superstitions, and beliefs all have a role in how we see the world. Just pointing to the reality around us and saying, "This is true," is insufficient. We cannot take it for granted that what we perceive to be true in fact, the truth or that the universe functions in the way we see it to. Consider the following illustration: The desk in front of us is smacked. We shall experience the physical world as the unpleasant immobility of the item we strike, which will be uncomfortable for us depending on the angle of attack, how we hold our hand, and the force we use. We will reject all philosophical doubt about the world as a result of this pain, including the notion that our sensory perception of the present is merely a mental construct (Abel 1993) made up of the recursive feedback of a psychological, cognitive-biological, or physical/cybernetic experience. No, even though physics tells us that the object we just experienced is a swarm of atoms that is, conceptually speaking, just as permeable as the air our hand glides through seconds before the impact, we know that the object we just experienced is a desk when we hit the desk and our palms are hurting. Pilate was already unsure. What is reality? The perception of unbending norms and regulations, which satisfies our desire for a firmly ordered environment and first permits logical conduct, is it merely a construct or is it something more certain? We believe supported by empirical evidence that the world functions in accordance with the rules that we assign to it when we stick with the perspective of the world that our perception and reason provide us. When we do this, we forget that we are relying on an article of faith namely, that reality is what we perceive it to be by relying on these immutable principles.

When we consider the finite objectivity of our scientific explanations of the universe, these filters of vision and the perspectival aspect of our view of the world become very clear. We have known that the fundamental components of the objects of scientific inquiry are theories and observation/measurement processes ever since Kant's definition of the limits of reason, but most recently since the contributions of Pierre Duheme (1908) and Thomas Kuhn (1962) on the paradigmatic nature of scientific theory formation and the insights of Heinz von Foerster, and Ernst von Glasersfeld, about the cybernetic construction of reality. Our understanding of the world depends on more than simply the notions we hold. Its objective character also underdetermines or underdetermines it. All that we perceive to be real has

always been "ontologically relative". New hypotheses that are coming to light as a result of our many scientific revolutions are causing changes in the way the world looks, works, and is made up. Nothing in the world differs from how we describe it.

The humanities and social sciences are no different from scientific scientists in this regard. Instead of seeing an independent reality, we create it using a variety of "means of worldmaking". What we experience, or the semantic patterns (Davidson 1974) we use to explain our perceptions, is the result of our worldview filters (Bateson 1979). These filters, according to Martin Heidegger and Ludwig Wittgenstein, are rooted in our daily activities, the language and action practises that are created and practised in our environment, and the "equipmental nexus" that is embodied in those activities. The rationality of our self-perception and world perception is based on processes of socio-cultural development, to which we make unconscious references anytime we make assertions about our reality since there is no objective observer to make things objective. This means that there are several ways to explain the world and that no one of them can be considered the one true approach. All accounts of the world are acceptable, according to Paul Feyerabend's argument against supporters of a positivist science and logical positivism as well as against the falsely enlightened techniques of ratio- nal science like Popper's fallibilism. There isn't a single approach that has a legitimate claim to being universally valid: "anything goes".

In the meso-level of our temporal and categorical experience, the laws of physics are arranged in separate categories, structures, and laws. They enable us to assert that the world is just how we see it to be. In contrast, social science rules are dependent on belief systems that are not immediately apparent in nature. Only our self-fulfilling models of the world have these rules. Our understanding of the world in the social sciences rests on the narratives that we use to explain the reality of our social institutions, in keeping with Voltaire's joke that cause may follow consequence like a doctor trailing a patient's coffin. Reality is created by our thoughts, not by reality itself. According to John Searle, our statements create the shapes and rules of our social reality, or the world of our artificial institutions and belief systems. The fact that is being proclaimed is stated in the declaration:

Speech actions that have the same logical shape as declarations establish all institutional reality and, in a sense, all of human civilization. These assertions reflect the culturally informed goals and hopes we bring to the world. They are imprinted with our ideals in this way.

CHAPTER 4
ECONOMICS RESONING

[1]Dr. Shalini, [2]Yashoda L.
[1]Assistant Professor, Department of General Managenement,
CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Assistant Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]shalini_rao@cms.ac.in, [2]yashoda@cms.ac.in

The origins of the campaign against nuclear power provide a fantastic illustration of how our values shape how we see and interpret the world. When some left-leaning activists in the 1970s and 1980s were asked why it was contradictory to oppose nuclear power in Germany, the United States, or the west in general while supporting the nuclear policies of the Soviet states, their response was that Soviet nuclear power plants were safer than their western counterparts due to better welding techniques. Their justification: Capitalism oppressed and alienated workers in the western hemisphere. This did not apply to Soviet employees, who were more driven, more skilled, more conscientious, and professional since they were neither exploited nor alienated, in contrast to those in the west. Hence, Soviet power plants were kept together by stronger, safer, non-alienated welding seams because their welders were superior. By using even more illogical reasoning, Chernobyl may be seen as the inevitable outcome of Gorbachev's Glasnost agenda. Workers had started to feel alienated as a result of opening up to the west, which had a negative impact on morale and work ethics. According to conventional wisdom, Chernobyl was a warning sign for the Soviet Union's demise in the 1990s at the hands of encroaching capitalism. As we can see, fiction and beliefs may influence reality. Deeply rooted belief systems may result in a divided perspective of the world, as shown by this example of alienated welders pushing the world to the brink of nuclear war and a more serious body of study into schizophrenic constructions of reality (Bateson et al. 1956; Watzlawick 1967, 1976). Welding seams, which an objective spectator could see as one thing, might subsequently, depending on the ideas held at work, become two very different things, representations of either capitalism alienation or communist labour ethics.

What applies to how we see the environment also applies to how we see ourselves. The concept of'socially created' identities is often mocked as a crazy notion held by leftist idealists and academics. But in essence, it just says that although biology and other natural factors are necessary for identity to exist genes are a component of life that does not mean that our use of our genes and the inherent baggage we are born with is set in stone. Another social construct is pasta. It cannot be found on trees. Yet it's built of something organic. The chef has the last say over whether to transform wheat flour's nature into spaghetti or farfalle, just as the legislature has the final say over family laws. When applied to our reality, this implies that our descriptions, assertions, and justifications are what give rise to social truths and the belief systems that underpin them. They have an impact on our view of the uncertainty of the future is the primary cause of reality's opacity. We don't know what the future holds, therefore we can't base our strategic choices on a reliable forecast of how things will evolve. No matter who first said it Mark Twain, Karl Valentin, Niels Bohr, Winston Churchill—it remains true: Predictions are difficult, particularly ones regarding the future. This is a result of two key characteristics of our perceptual faculties: First, our perceptions of

ourselves and the universe, as well as our presumptions of objectivity, truth, or regularity, are primarily influenced by our points of view. The lenses we use to see the world affect how we perceive it.

We must question ourselves why we have the filters we have and why we choose the methods, routes, and objectives that we do if the perception of reality is in fact influenced by the filters with which we characterise it. First, the answer: This is a result of the principles we uphold. We generally don't know this in our daily lives for epistemic and cognitive-biological reasons since these values can't accomplish their complexity-reducing function in the direct light of conscious reason. The task consists of how they enable the efficiency of our acts by providing us the unquestioning assurance to declare:

Efficiency brings us to the second fundamental characteristic of the future's opacity. It's because our cognitive makeup has simply predisposed us to repeating patterns of perception and behaviour. All life on earth is based on this functional concept, which is essential for navigating the complexity of our current environment. Every creature is wired to think that something that has occurred or a strategy that has worked before will do so again or provide the same effects. According to Varela, animals react to their surroundings in this way because they cannot integrate and automate the complex reactions they need without even a little delay for cognitive processes. The programmes develop in this ongoing cycle of challenge and response, in a process that is akin to Darwinian selection and adaptation, when the environment changes to a degree that the programme cannot handle but the organism still manages to react. This implies that it will always be difficult for us to accurately predict radical, unexpected, new, fixed-step, or exponential development.

The opacity of the present is the second factor preventing conventional concepts of strategy creation from providing us with an honest way to maintain the future of our companies. Even if economic scientists have models that presuppose that our plans have total transparency and knowledge of the circumstances, that we are homines oeconomici and can make logical judgements about our means, routes, and objectives at every crossroads, we know: We lack the divine omniscience that the theories believe we possess since we are limited humans. In a world where ceteris paribus does not apply, we always face information gaps while making judgements, particularly strategic ones. The environment we live in is not only always changing, but it also has a tendency to respond in ways we never thought to imagine.

More than Herbert E. Simon anticipates with his theory of limited rationality, there is a risk that our strategic assumptions may propel us straight past actual reality. From a cognitive perspective, the fundamental opacity of the current environment prevents even modest rationality from assisting us in creating tactics that are impenetrable to competing ones. There are notable instances of how even the most cautious strategic choice will not shield us from the harsh world out there, such as Daimler-Benz or the current struggles of the Deutsche Bank.

The understanding that our viewpoints fundamentally shape how we see reality not only explains why we are unable to create an all-encompassing plan for success. That also brings us to the third argument to question the strategic choices' rationalism: the murky nature of causality in complicated systems. With complex systems, it is impossible to retrace the exact causal chains that an event in a system followed, much alone anticipate them with any degree of precision. If we accept Edward N. Lorenz's cybernetic insights that a butterfly in Brazil can trigger a hurricane in Texas the butterfly effect in highly complex systems affected by strong and weak forces we must acknowledge that our strategies are based on assumptions that we may recognise in reality, but that may also be inventions of our own minds. It explains why even very detailed and cautious strategic tactics are destined to fail sometimes.

They fall short because causal mechanisms are opaque, causing even the best-laid schemes to go wrong on purpose or correct by mistake.

On the level of strategy formulation itself, one may understand the unpredictable nature of causes and outcomes. We would all start studying cybernetics if there was a formula for commercial success a rigid connection between strategic presumptions, corporate operations, and commercial outcomes. The reality of business would rear its ugly head and say: Success is not guaranteed, even if you, for example, follow Hamel's mantra of rule breakers (Hamel) that revolutionise markets or products. This is true even if you follow Jim Collins and Hermann Simon in their insights into the strategies of hidden champions and masters of excellence. There isn't a specific formula for achievement. Yet, certain regulations increase the likelihood of failure.

This may be seen in the typical procedure for starting a business: A rookie restaurateur would often leave his bank empty-handed if he goes there with a fresh business concept and requests startup capital. Just citing the well-known statistic that four out of every five new eateries fail during the first few years of business, the bank would do.

This means, in terms of developing strategies: mentioning how his predecessor's approach was completely different from the successful transformation of Daimler Benz into a worldwide organisation. If the "building site Deutsche Bank" described by Gerald Braunberger is accurate, then the directors and board headed by Anshu Jain, Jürgen Fitschen, and Paul Achleitner also failed in their efforts to transform the Deutsche Bank into one of the top full-service banking organisations in the world. When one looks at the numbers, the desire of Fitschen and Jain to make the Deutsche into a top universal bank appears distant from reality: The market value of JP Morgan Chase, one of the unquestioned titans of the banking industry, is around 170 billion euros. The valuation of the Deutsche Bank is about $35 billion.

Both discuss a set of similar characteristics, beliefs, skills, and methods that they believe are critical to company success and that, if other firms "copied," would make other businesses just as successful. Strategies of chosen "business beginnings" refer to the post-factual mythologization of unintended outcomes, or the belief in the asymmetric heroization of unanticipated events. Their success seems to be rationally predicted given our customary respect for corporate heroes. Nonetheless, the truth still stands: No one recalls the names of those who perished on the battlefield, but everyone is familiar with the name of the hero, even if he only lived because a bullet that would have been aimed at him instead struck a comrade at his side. If it is acknowledged that a rationally explicable, objective understanding of the universe does not control business strategy, then the question of what does must be asked. Essentially, we may respond to:

Proposition 1: Values that go beyond and before the process of making strategic choices serve as a guidance for such decisions. The process will stay illogical if we do not actively question and consider these beliefs; in other words, we will be oblivious to the reasoning behind our choices and how we see the world. This brings us to our second claim:

Proposition 2: Both economic reasoning, which prioritises profit above all else, and CSR logic, which emphasises the triple bottom line, overlook the illogical moral foundation of all business actions.

This is not just evident at the macroeconomic level when bubbles occur in the markets, where avaricious and profit-seeking swarm intelligence abruptly devolves into swarm stupidity, with well-known ramifications for specific companies or even whole markets, sectors, or countries.

We may see it just as clearly in the daily choices made by management. According to Mintzberg, it is "folklore" that managers and business owners are logical, methodical planners. The reverse is true because single-minded convictions in their worldviews make managers and entrepreneurs in particular resistant to reason. Their conduct often becomes opportunistic, unreflective, and fragmented when combined with a strong concentration on entrepreneurial activity.

Values serve as the fundamental principles that guide all corporate and individual behaviour. Because of this, we must approach the formulation of a strategy with an understanding of the dynamics of the values at play in social systems. We may confine our discussion to how the values that are present in social systems can be applied to sustainable business strategies since these dynamics have previously been thoroughly examined. We must comprehend the idea of value-oriented strategy creation in contrast to the ideas that are now dominant in the industry. We will do this by first rebuilding the economic logics of strategy development, then its CSR logics, and finally by investigating the role of values in social systems. The reasoning and factors behind a values strategy that may provide businesses a competitive advantage in the future.

Definitions of Values and Their Development in Social Systems

Everyone has a dynamic network of values that are continually altering and evolving, whether they are in their families, peer groups, businesses, institutions, towns, (religious) communities, or societies. We must be able to discern between the dynamics in social systems and the value mechanics operating in people in order to comprehend these dynamics. We may achieve this by using the definitions given below:

Values as moral principles: Values are often used to denote anything positive and worthwhile. When seen as virtues, they direct our behaviours towards a nobler goal. They represent the moral, social, emotional, and psychological worth of living righteously and acting honourably. According to this constrained ethical definition, qualities such as justice, honesty, generosity, compassion, wit, bravery, or knowledge enable us to coexist successfully. Greed, avarice, vanity, jealousy, or wrath are vices that are not values since they do not advance the state of humanity.

Values as the motivators of conduct in people: We must differentiate between a normative view of values one that is ethical or moral and, implicitly, judgmental and an objective, non-judgmental understanding of values. In the latter scenario, people's behaviour is functionally and structurally driven by values. Values, needs, interests, intentions, and expectations are ways in which they manifest themselves.

They originate from higher-order philosophical systems of meaning and existential worldviews, and they have an impact on all facets of human life. We shall only make use of this functional/systemic understanding of values, unless otherwise indicated. This will be stated when reference is being made to ethical ideals.

Our actions are motivated by our values, which shape our worldview. These are ideas with a positive connotation that direct our own personal activities and goals. They form our fundamental beliefs about what matters to us and what does not because emotions are the psychological units of exchange for emotions. They stand in for what is admirable and admirable to us as people. Whether we desire justice, riches, power, or equality, it has no functional or structural difference.Needs are applied values that are situationally informed. They are continually evolving and changing as they influence and inspire our behaviour. H. Maslow said that there are five categories of needs: physiological, safety, social, esteem, and self-actualization.

Interests are applied values that are capability-forming and capability-driven. They orient our behaviours in the long run towards wider realms or particular goals. They are resource-creating drives that are sophisticated and learning-focused. Interests come in 34 different talent leitmotifs, according to extensive research by Gallup. These recurring themes serve as the guiding principles for the development of our own capacities since they serve as values that shape our interests.

Motives are ideals that underpin action. We are motivated by the emotional energy they carry. They convey the personal values that serve as the motivators for our acts or inactions and are the enduring personal justifications we use to justify what we do.

The Business Case for Strategy Development:

According to economic theory, the pursuit of profit controls the formulation of strategies. This justification holds that the primary goal of any firm is to make money. A stable revenue prevents a business from being forced out of the market, for example, through bankruptcy. Also, revenue meets the needs of the company's stockholders. Income serves as the interest earned on the money contributed by the company's owners and investors, ensuring that they won't stop contributing to the firm due to subpar returns. The major objective of strategic choices has changed due to this obsession on income (Rappaport, 1986; more lately). This has an impact on how we conceptualise strategies more generally as well as the particular strategic portfolios utilised by businesses in the actual world.

The main objective of strategic portfolios is to generate money. Companies depend on the functional aspects to protect their income streams, according to Weissman's model of revenue drivers: A competitive advantage, which is maintained by using one's core competencies, ensures revenue. So let's take a higher perspective and analyse this functional model. We can observe that self-referential criteria are used to make the majority of strategic choices, such as those involving profit, growth, risk, and diversification, production, or innovation objectives. They only consider external factors when making selections regarding items, services, or brands that have a competitive edge.

Third proposition: The economic justification for developing a strategy is self-referential. The principles of profit control it. This self-referential emphasis on profit brings us to the economics profession of faith:

Competition

The foundation of competitiveness is an instrumental view of reality. In a dog-eat-dog environment, people approach business by seeking for methods to accomplish their objectives. Even win-win or networking techniques are often seen as ways to get an advantage for oneself, with the exception of situations when the parties share values like mutuality, respect, fairness, and collaboration. If this isn't the case, the partnership will suffer from a lack of trust and be motivated by tactics and methods that once again solely seek to enhance one's own interests, as shown by the principal-agent issue.

1. Strategy planning is sometimes seen as an effort to bring the "art of war" into the boardroom.
2. Competition in battle is often a zero-sum game.

Only territory that one army gains will the other lose. The central paradox of game theory, the prisoner's dilemma, likewise rests on the idea that there cannot be victors without losers (Tucker 1950). This has been included into the fundamental canon of effective strategies within the economic theory of management. In the prisoner's dilemma, one person's victory will always cost others something. It is possible for one party to be uncooperative and benefit

at the cost of the other. If neither party wants to work together, they will both lose significantly. Even if both parties work together, they will only be able to reduce their potential loss rather than reap any joint gains. A reasonable decision would be one that employs unilateral, uncooperative activities and utilises the other party's actions only for its own benefit. The favoured competitive strategies and effective tactical options include deceiving, outsmarting, and fooling. The issue with principle agents is how to balance the principal's subjective risk that an agent won't or won't be able to fulfil the contract with the capacity to guarantee an agent's contractually accurate performance.

We might include management classics like Robert Greene's best-seller "Power" (Greene 2001), which examines the teachings of the great political and military strategists for daily life, or the Boston Consulting edition of von Clausewitz (2001). Economics' self-referential justification is not limited to the dominance of competition. Moreover, it operates by focusing the strategic viewpoint on the concept of "scarcity." We are told that strategic planning refers to the revenue-driven organisation of limited resources, such as time, money, or other methods and resources.

Proposition: Economic planning structures scarcity to boost economic output.

With this emphasis on turning a profit off of scarcity, the economic logic overlooks one crucial fact: Profit, as the mark of success, is never a strategy's intended purpose but rather ever a byproduct. Scarcity-driven methods fall into their own value traps if we prioritise profit above its causes, i.e. the benefit that a client receives from purchasing a product or service and generating profit for the business. They use the incorrect levers and are unable to identify the real value drivers in the company. The tactical trap has been set.

It has both an inside and an outside. The external dimension overlooks the fact that a company's performance and profitability result from providing a specific value that cannot be measured by sales objectives or metrics. This error has an internal component, which is the emphasis on revenue and profit as purely quantitative metrics, which causes us to overlook the qualitative foundation for profitability in the sense of our capacity to generate a profit.

Let's attempt to comprehend the fundamental concept of strategy that underlies this economic justification for strategy creation. In order to increase income, corporate strategies attempt to arrange scarcity from the perspective of business economics. In order for the firm to succeed in its market, they integrate the operational strategies with the strategic aims. When we look at the relationship between our concepts of strategy, competition, and scarcity from a meta-perspective, we can see the principles guiding the economic reasoning in action:

It is the value of dominance, or, in terms of economics, the notion of absolute market domination, which draws from the annals of military strategy.

We see the ideals of deceit, tactics, and strategic collaboration with "enemies" or, in terms of economics, the notion of total supremacy over the value chain.

It is the value of self-interest or, more economically, the concept of endless income streams based on a monopoly over the commodity, drawing on the corpus of economic strategies.The desire to control the market, the value chain, or the ownership of the product are the three economic strategy development elements that may be used to create a three-dimensional strategic environment. We shall discover the monopolistic ideal at its core. Even if our laws prevent it: The pursuit of maximum market domination over consumers, rivals, suppliers, and customers, as well as maximum market dominance over goods and prices (monopolies in a seller's market), is the economic rationale for strategy development. Hence, the tools of accomplishing just self-interested aims are strategy and tactics.

Our need for more sustainable and responsible strategic and economic principles is sparked by two catastrophic repercussions of these strategies and actions as more and more aspects of our lives are getting economically streamlined: The first repercussion relates to how the seemingly "logical" homo oeconomicus interacts with the world; the second relates to how businesses engage with the people and environment they operate in.

Imaginary Models: Life's Economical Determination

The primary notion we use to define human interactions and motivations is the exchanging of commodities and services, which is driven by the desire for financial gain and limited by scarcity. Also, it has contributed to the growing economicization of our life. The notion that the market economy is the foundation of economic life is a good example of this. The exchange of presents, however, has traditionally served more as a way of sustaining social bonds than it has as a means of distributing limited things with the aim of making the maximum possible personal profit. In modern social and national economic organisations, like cooperatives, the antiquated concepts of honour and credit and the accompanying obligations of give, take, and reciprocate still have influence.

These institutions adhere to a set of values that balance taking with giving because they are engrained in society. This element exists even in the intrinsically commercial concept of the honourable merchant since these ties are what create, maintain, and enhance the honourable market in the first place. In actuality, such social connections and business dealings have always been impacted by both qualities and vices, such as selfishness, vanity, greed, and the quest for power, as well as by virtues like justice, compassion, collaboration, collectivism, trust, and responsibility.

Our relationships are impacted by our mental models of what and who men are, as well as the self-fulfilling prophesy of anticipation, perception, and apparent action: Fiction shapes reality; our actions shape our social reality; and our mental representations of the world shape our thoughts. There are two opposing theories on the nature of humanity: Hobbes' homo homini lupus, which holds that we are innately bad and that our acts are uncivilised, greedy, and self-interested as a result of our bio-psycho-social upbringing. If we combine the idea of free markets distributing scarce goods in the best way possible and producing individual profit at the same time with the emancipated enlightenment idea of Rousseau and Kant, who believed that man is empathetic and good by nature with behaviour that is typically civilised and himself, this scarcity-driven competitive model of individid- ual wealth creation cannot help but lead to a spiral of all market relations being unequal. The forces of concentration in collective competition are starting to threaten the basic foundation of our existence as more and more areas of our environment are drawn into this spiral of economics.

The spiral of resource exploitation that is supported by the economic illusion of riches produced by disruptive business models demonstrates the dual effects of the prevalent mental models in economic studies today.

Untapped Resources

If we accept the economic theory of wealth creation, then the concept of "creative destruction", which holds that "the better will inevitably supplant the good and that even good business models must make way for better models," also leads us to accept that "creative destruction" is a means of generating wealth and opportunities for all people. Yet as previously said in Princedoms and Empires«, we see that the enormous accumulation of riches resembles an ever-quicker-turning spiral of concentration and the emergence of "The winner gets it all" structures. When it comes to the general deterioration of the natural and human resources that are the basis of our present riches as well as the wider participation in

wealth, the impact of our economic mental model on the globe may be regarded as a process of widespread poverty and disenfranchisement.

This is clear when we link the outcomes of technology development to the fundamental assumptions of the economic paradigm in a causal chain:

First premise: Individuals and businesses maximise their own welfare in sensible ways.

Second Premise: Resources and goods are in short supply.

Third premise: Individuals and businesses compete for limited resources and commodities.

Fourth Premise: Competitive forums (liberalised markets) controlled by the unrestricted laws of supply and demand are the best way to manage scarce commodities.

Fifth Premise: A competitive advantage may be obtained through gaining a competitive edge in the profit-driven struggle for limited resources and commodities.

Six Premise: Lack of means, resources, and equity may be overcome by creativity and intellect, resulting in the creation of innovative, disruptive business models that render long-standing "top dogs" obsolete.

Let's combine these economic mental model tenets with the advances resulting from the technology advancements we witnessed in Chapter 1. Comparing this to, for instance, the business models of UBER, Apple, or Amazon, we can see the following feedback cycle compelling economic players to behave economically and hastening the economization of our world:

The concentration of assets in the hands of a small number of chosen actors is caused by competition for finite resources in an iterative process of profit and loss, which is globalising and speeding up technical advancement.The concentration gives the major firms more competitive advantages, which are strengthened by dominance tactics that close off their markets.

Smaller or less established firms in areas that have been blocked off by dominance tactics are obliged to develop disruptive business models in order to survive.

New concentration is being brought on by business strategies that are globally disruptive (like Industry 4.0).

Many employment and a wide variety of businesses are at stake due to this wave of concentration.

A wide, small-scale employment and business environment is disappearing, which is putting further pressure on the cost of the surviving players' goods and services.Only innovative business strategies or even more drastic cost-cutting measures in manufacturing can counteract the growing pressure on pricing for goods and services (reducing the labour and resource costs, outsourcing the costs down the supply chain, production in cheap labour countries with low or no social or environmental standards)

The resources and revenue of a wide range of suppliers and their workers are under strain as a result of the rising price pressure that is being felt around the globe.The spiral is once again increasing due to the demand on resources.

From the perspective of the corporation, the spiral of concentrated wealth creation set into motion by creative destruction is increasingly posing a danger to the biodiversity of the economic environment, making it more important than the individual wealth distribution. The prevailing mental paradigm of "same-old, same-old" simply serves to exacerbate that danger. For instance, as Umair Haque noted in the New Capitalist Manifesto: Building a Disruptively

Better Business, inequalities in real incomes and wealth in unfavourable markets might in fact provide a chance for very profitable disruptive company models. He uses the automotive industry as an example, noting that "while the world's poor had no option in automobiles, the world's affluent had a wide selection". When Tata entered the scene and took advantage of the unsatisfactory nature of the market for something entirely different, US automakers responded by claiming that it would not be able to create automobiles for the world's poor. "Like a laser beam, it concentrated on equity an unfinished car market.

The important thing here is not that Tata produced automobiles for customers who previously couldn't afford them, therefore completing the market in line with the economics of competition. Tata, on the other hand, gave the concentration spiral another turn by producing goods for consumers who do not partake in the wealth generated at any point along this value chain using mostly automated manufacturing methods.

The tale of Tata demonstrates that such innovative business concepts are based on the same principles as the lottery winner or dishwasher-turned-millionaire stories. Just one or a small number of winners are possible, and there must be millions upon millions of losers who will continue to be losers until the prize has been claimed. Without really boosting the wealth of countries, the technological revolution propelled by our existing economic mental models is creating an ever-faster spiral of concentration that threatens broad swaths of our current corporate and consumer environment. This emphasises what we have said: A society that is gradually being industrialised is one where fiefdoms and empires are ruled by courtiers or the "great unwashed," who serve the court without receiving even the scraps from the wealthy man's table.

The present economics mental model would have us think that creative destruction creates new wealth for everyone, but the facts prove otherwise. This division is referred to as the division of winners and losers in the second machine age by the two directors of the MIT Center for Digital Commerce, Erik Brynjolfsson and Andrew McAffe. According to Brynjolfsson and McAfee (2014), 150, citing Ed Wolff and Sylvia Allegretto, "superstars in the winner-take-all economy [of the United States]" are skimming income off the top at an exponential pace while the rest of the community is losing out. “Americans saw a significant growth in their overall wealth between 1983 and 2009 as the value of all of their assets rose. Yet, as economists Sylvia Allegrette and Ed Wolff pointed out, the lowest 80% of the income distribution actually suffered a net decline in wealth. Collectively, the top 20% received a rise that was more than 100% rather than 100%. The nation's wealth rise went to the top 5 percent, who received 80% of it; the top 1 percent received almost 50%; and so on in ever-finer subdivisions. (l.c. 131). The top 0.01 percent now receives a larger portion of the top 1 percent's income than the top 1 percent do of the whole economy, in other words.

According to a recent study on the work crisis a divided tale of labour markets, published by Aleksandar Kocic, the Managing Director Research at the Deutsche Bank in New York, and its counterpart, a book published already in 1996 by the McKinsey consultants Lowell Bryan and Diana Farrell, "Market Unbound," this disenfranchising spiral of concentration, price wars, and resource exploitation is not the stuff of left-wing agitators. According to Bryan and Farrell's 1996 book, "Unleashing Global Capitalism," The main takeaway from the Deutsche Bank report is a sobering one: "New technology is killing more employment than it is able to remobilize for the first time since the industrial revolution. Also, it is becoming obvious in certain nations that growth is now achievable without increasing employment and salaries since increasingly less labour is required to create the same amount of production. Such a significant transition will undoubtedly have significant economic and social repercussions. Die Marketwirtschaft Entlassesst Their Children," which this fulfils in its implications: Labor

is become really cheap. Nevertheless, very cheap labour is merely hastening the destruction of many natural and human resources and the feedback loop of concentration. According to the study, "as the market becomes unbound from the constraints of national governments, it is creating the potential of a tidal wave of global capitalism that could drive rapid growth and highly beneficial integration of the world's real economy well into the next century." Lowell and Farrell still believed this to be a less likely scenario. They acknowledge, "There is also a considerably less

The self-interested pursuit of profit as an economic goal is having a negative impact on human conduct as more and more of our globe is getting economically developed. If everything has a cost and our personal success is determined by our bank accounts, we are losing the basic foundation upon which social networks, businesses, families, and even whole societies depend. Three facts demonstrate the situation. Let's think about what young students thought about ethics at the beginning of their studies. Fairness, trust, support, compassion, justice, etc. are divided fairly evenly among the group members. These virtues have all but vanished among economics students, as will be evident when we re-interview the same students at the conclusion of their courses. Instead, self-centered values like achieving personal achievement, mistrusting others, and unwavering self-assertion have taken their place.

The daily operations of businesses reflect the deterioration of moral principles among economics students. In a research released in 2006, Paul Babiak and Robert D. Hare indicated that three to four percent of all upper executives may be classified as sociopaths. They characterise them as individuals who would drive their ambitions through at any cost or at the expense of others, have no regard for societal obligations while pursuing their own interests. The research demonstrates that our existing economic system and the businesses functioning in it tend to place individuals in power who would behave as predicted according to the prisoner's dilemma, despite the fact that such sociopaths typically make up just around one percent of the general population. They want to increase their profits at everyone else's cost.

A third fact demonstrates how the homo oeconomicus theory influences human conduct. Few workers are really loyal or engaged, according to frequent Gallup studies on engagement or loyalty. The most intriguing aspect of the most recent statistics is not that 15% of German workers have already psychologically left their jobs, costing the economy between €73 and €95 billion (Gallup 2015), but rather that 70% of workers would merely follow the rules. According to one understanding, they merely do their duties to the extent that it serves their own interests. They merely put in the minimal amount of effort required to avoid detection and still get their full compensation at the end of the month. Working with the team any farther does not pay off strictly speaking. The consequences of this will undoubtedly be considerably worse than the harm done by the 15% of those in attendance who have mentally retired and are simply there physically.

CHAPTER 5
THE CREATION OF STRATEGY WITH CSR

[1]Dr. Sumbul Samreen, [2]Lakshman K.
[1]Assistant Professor, Department of General Managenement, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Associate Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]dr.sumbul_samreen@cms.ac.in, [2]lakshman@cms.ac.in

The economic justification for a revenue-driven emphasis on scarcity goes beyond encouraging individuals to follow their own self-interested goals. It is having a systemic impact on how businesses and whole markets behave. There are two ways we may observe how this occurs: In order for businesses to rule supremely and unopposed in their marketplaces, there are first concentration and dominance techniques. 3 Princedoms and empires have previously been discussed, including instances of how many marketplaces have changed. In a broad sense, this would cover the business plans of organisations of this calibre, like Apple, Google, Facebook, and others. They are attempting to confine their markets in a manner that prevents their clients from leaving these "fiefdoms" due to the costs of transactions and data loss by developing their own closed product landscapes. On a lesser scale, certain secret champions, like Truma Gera tetechnik, the essentially only competitor in the European market for gas heaters for mobile houses, employ the same tactic. Some pressures of concentration cause its biodiversity to dwindle and eventually vanish. The myth of free enterprise is exposed in this way. The second issue is much more troubling: Under strictly self-interested, revenue-focused management, businesses will use any strategies when the chance presents itself, even if they are free and have no market value. The best levers for generating exponential profit are these ways. There are well-known instances of the opposite impact, such as Interface, Hilti, HIPP, Patagonia, or Icebreaker, but the numbers paint a different picture, one of the exploitation of global resources and the passing down of business risks and costs to the supply chain. Outsourcing to Bangladesh, Vietnam, or India undermines expensive health and safety requirements. Corporate profit often results from businesses using resources that belong to the common good, or to individuals who have no voice in their exploitation and get no benefit from it but are all too frequently saddled with the consequences in the long run.

Resolution: Companies are forced to adopt short-term thinking and self-interested resource exploitation methods by the economic justification of the profit-driven, scarcity-driven pursuit of profit.

According to this logic, businesses succeed in particular if they are able to private revenues while collectingivizing or otherwise externalising expenses. It is based on the ruthless logic of profiting at everyone else's cost.

The Creation of Strategy with a CSR Perspective: Responsibility

In order to escape the confines of exploitative, short-termist corporate policies, the appeal for a new, comprehensive concept of corporate responsibility (CSR) has been made. It nudges businesses to cease gauging their performance exclusively by the importance of immediate financial gain and to have long-term sustainability in mind. We are dealing with the triple

bottom line of economic, ecological, and social effects of our commercial and social life from the perspective of sustainability, as defined by section 8 of the Johannesburg Declaration on Sustainable Development.Even if we were to speculate as to what criteria or metrics1 might allow us to quantify ecological and social sustainability with the same degree of accuracy that we do now, it would still be impossible. The Brundtland report defines sustainability as "development that fulfils the demands of the present without compromising the capacity of future generations to meet their own needs," which is very ambiguous and keeps us in the dark regarding the true meaning of sustainability. Two fundamental ideas are contained in it: the idea of "needs," especially the basic needs of the world's poor, to which top priority should be given; and the notion that the environment's capacity to meet both present and future needs is constrained by the state of technology and social organisation. A sustainable society must meet three conditions: its rates of use of renewable resources should not exceed their rates of regeneration; its rates of use of non-renewable resources should not exceed the rate at which sustainable renewable substitutes are developed; and its rates of pollution emission should not exceed the levels established by the World Bank economist Herman Daly. This raises the question of where, how, and how we may quantify such sustainabilityon a local, societal, or global levelas well as how such measurement would relate to actual business behaviour.

Since CSR does not adhere to the same standard of accountability as the economic justification requires, proposition:

Ironically, shining examples of CSR-driven management, like dm, Hilti, or Hipp, provide evidence for the notion that CSR enters businesses from the outside. They serve as lighthouses because they stand out in the shady world of businesspeople who only consider what is profitable. Their quest of profit is where their sense of duty starts and stops, on a local level. Even though ethical behaviour contributes to this goal, it is still merely a nice byproduct and never the main goal of business. As we regularly observe when firms up-sticks and moves their ethical standards, if ethical conduct does in fact cost money, it is typically considered dead weight. Success may be measured in terms of business management by looking at the numbers in a company's balance sheets, P&L accounts, or the specific indicators of the EFQM or Balanced Score Card models. The yearly increase of the GDP, the national debt, employment statistics, or the trade surplus are all significant indicators for national economies.

The state and business together establish how corporations should operate in accordance with the principles of corporate governance: The German Corporate Governance Code (the "Code") sets important legal requirements for the management and oversight governance of German listed firms and includes worldwide and domestically recognised criteria for effective and responsible governance. The sad reality of Berthold Brecht's adage, "Morality comes first to the full stomach, then the charity business," cannot be concealed by the historical ideal of the honourable merchant, an employer brand as a benevolent enterprise, or the sharing of profit prospects.

If we examine the development of CSR notions and superimpose them onto the economic justification, it becomes obvious dialectically that CSR is something external to firms, or even shoved upon enterprises, that has no parallel on their micro-level. According to Thomas Walker's maturity model of CSR generations, the concept of CSR has through four stages of development. In its first form, it takes the form of ad hoc, disconnected operations that businesses engage in. Companies start to adopt a broader understanding of responsibility in its second generation. They begin to include the requirements of other pertinent groups into their plans and activities in addition to their stakeholders' interests. Companies start

deliberately influencing societal conditions in the third generation. Companies participate in CSR in its fourth and most developed form to benefit both the world around them and themselves.

Why do these four generations highlight the notion that the fundamental logics of corporate management do not give rise to CSR? There is a distinct response for each generation of CSR. For first-generation CSR, it would be: this kind of CSR is based on the individual ethical concerns of business owners or managers without making any assertions about their universal applicability or their origin in business logic. Walker incorporates the concept of the honourable trader in the first generation as a way to illustrate this (Walker 2013, p. 66). There are several ways to refer to the merchant's honour. The concept of honour is used by the Hanseatic League or other similar trade associations, as well as by the customs and traditions of the Arabic bazar, to describe the relationships between two personally acquainted merchants, as opposed to those between a merchant and a customer, a supplier, or the rest of the world. They are routinely removed since the merchant depends on the asymmetric worth of products, such as when exchanging glass beads for gold, to make a living.

The sustainability goals of the triple bottom line would not be shared by second-generation CSR. It serves as a tactical tool that businesses use while communicating with important stakeholders. It only takes into account shareholder expectations and wants that the corporations would deem crucial for their own existence. It is safe to overlook groups without such potential influence.

Third- and fourth-generation CSR also often includes these tactical concerns. Let's examine how businesses affect the status of society and make an effort to comprehend the propaganda at play.The typical suspects, multinational chemical companies like BASF, Bayer, DuPont, and others worked hard to develop a compelling argument to support the new laws before the REACH standards went into effect. Consumer protection was that notion. REACH was created with the idea that any chemical that may come into contact with humans, including food additives, colours and dyes used in clothing or other home goods, detergents, hygiene products, and cosmetics, should have complete approval before being released into the environment. Knowing full well how complicated the situation was, the chemical industry's lobby chose to utilise REACH for their own ends. The rules were to be utilised as a sly way to enclose their market: the necessary approval could only be granted for chemicals that can be produced and isolated in their purest form. Any naturally occurring materials, such as those found in organic cosmetics, would not be eligible for REACH approval and could not meet compliance requirements. For instance, an aloe plant's sap contains more than 1000 trace elements and other compounds. It is absolutely at odds with the rigorous REACH regulations since no one could declare for sure which drug causes which consequence. The organic cosmetics sector felt as if the bottom had been pulled out from under both the market for organic food additives and their whole market. One emerging newcomer who was really exemplifying sustainability was driven out by the existing sector by defending the banner of consumer protection and corporate social responsibility. The use of terms like accountability and consumer protection was just intended to create more barriers in the market.

Using the REACH example, we may see: The managers and business owners at the top choose whether a firm participates in CSR for genuine reasons or solely for strategic considerations (masked ulterior objectives). Because of this, CSR often relies on self-commitments, such as those made under the Global Compact programme. In the event that such pledges fail, it is often up to the law to curtail the worst abuses. 4 We might conclude that CSR is missing the micro level of the crucial entrepreneurial choices by attempting to

hold businesses and the economy as a whole responsible at the meso- and macro levels.

Proposition: Since the entrepreneur is mainly accountable for the firm, according to the logic of economics, and not for society, CSR's focus on responsibility overlooks the heart of entrepreneurial activity.Finding alternative reasons outside only appealing to ethics or reason is necessary if we wish to persuade corporations in accordance with their intrinsic logics that sustainable management also has to take problems that go beyond the economic justification into consideration. We need a set of justifications for sustainability that originate from the micro-logics of management. When we take into account the logic and dynamics of values in business, we will be able to locate the appropriate source for them and establish a cohesive strategic idea of sustainability.We turn to regulatory policy to set the market up in a manner that is as friendly to life and society as feasible; to make the market's price signals, as well as its incentives and disincentives on economic actors, as kind to humanity, society, and the environment as possible.

Values in Social Systems: Their Role in Viability

Social systems include businesses. Humans build them to produce intricate goods and services that are impossible for a single person to produce alone, such as cars, TVs, mobile phones, heart surgery, space travel, a King Lear stage play, or a Beethoven Fifth performance. A firm is founded when a group of individuals get together to solve a challenging problem and, in doing so, provide real value.

We can see how the advantages the corporation intends to produce are intrinsically linked to certain ideals. The principles that support the company's mission and form the basis of its business model determine who will profit and how. Think about how corporate ideals work. The main goal, according to the economic theory, is to bring in money for the shareholders. All strategic choices are based on the idea that income comes first: A business must assess the key external competitive dynamics and cultivate and maintain core strategic competencies that allow it to provide goods and services that are sufficiently distinctive to gain and maintain a sustainable competitive advantage. The importance of income in the establishment of competitive advantages. We see that the self-centered pursuit of profit causes us to lose sight of what initially made profit possible and what cannot be gauged using economic metrics the sense for the quality of the benefit and value provided for others.

Porter and Kramer developed the idea of "shared value" in strategy planning to help prevent this pitfall. The concept of sharing is a new component that is added to the predominance of income. A counterpoint to the pure self-serving pursuit of profit is created by "shared value," which does not dilute but rather broaden the profit-centric understanding of tactics. The concept, however, only serves as a further expression of third or fourth generation CSR concepts with its sharing topos, that is, the attempt to look beyond the scope of purely economic considerations and take into account the interests of all stakeholders, not just shareholders, because one feels obligated to uphold their obligations in this way. Speaking about shared value and, thus, shared commercial worth, however, merely emphasises the uninterrupted economic primacy—the emphasis on income. We observe: The business's strategy mirrors the guiding principles that shape how it is perceived. In terms of economics, this indicates that the formulation of commercial strategy is still largely self-referential, if not self-serving in its emphasis on profit. This brings up a crucial point about how business models are tied to values.

Proposition: The creation of the company concept's strategy follows the core principles. They develop into self-reinforcing perceptual filters. They enhance the company if they are properly in line with the surrounding reality. They must be balanced; else, the whole structure

would fall.If we take a look at how values operate in social systems, we may understand why and why the core values manifest themselves in this manner in the business strategy. Values serve three key purposes in social systems:

Values initially define the identity of the system via their identification function. They define the system's operation, its values, and the methods by which it secures its existence.

The values control how the social system sees itself and its surroundings via their heuristic function.

The system's values then simplify the environment and increase the system's efficiency via their operational function.

The performance of the system is influenced by the system's values. Values pick the issues that may be observed and filter the way reality is seen. This also implies that they choose the quantity of potential answers. This thus restricts the range of goods and services that may be produced. Culture influences how they are made. The value funnel of a firm is framed and expressed by its culture. Value filters and corporate cultures interact in a cyclical way that causes them to bounce back on one another and results in an inherent blind spot in strategy formulation. Because the strategy is caught between the long-term normative purpose of the business model and the underlying value filters, the systemic values remain unchallenged in this feedback loop, which means that all strategic decisions and the entire strategic process are driven by values that are not visible in the process. The strategic process replicates the value perspective of the company idea and business model by serving as the connection between long-term objectives and the short-term, operational, and tactical reasoning of specific movements. This implies, in terms of developing a strategy:

Proposition: The creation of strategies ignores its own ideals

Strategy formulation becomes the neuralgic point for the long-term sustainability of businesses due to its value blindness. This is evident when we look at how values work in social systems from a cybernetic perspective. They are more than simply the perception filters that direct information downward to control organisational performance and determine the direction of the firm. What matters more is that the

The direction, extent, and quality of a system's capacity for learning and change, as well as the boundaries of such development, are determined by basic systemic values.

They establish consistent patterns by choosing the preferred possibilities, which are "kept by the steady flow of its component variables," in the words of Heinz von Foerster. They control the inferences we make based on how we see the world. The strategic process may become self-referential if we do not recognise how our beliefs shape our perspective while developing strategies. Unreflected values then choose the strategic objectives that serve to fulfil their original meaning. The strategic process might be based on values that are duplicated in the formulation of the strategy.

Unreflected values may be a trap from the systemic viewpoint of the value funnel because they cause the strategy's underlying values to activate a self-referential, closed feedback loop. This loop, which is blind to itself, influences the company's operational and strategic decisions. Humberto Maturana uses the analogy of instrument flying to illustrate this. 3 Cybernetically speaking, a company's values serve as internal compass points that direct the organisation without regard for the external environment. The business will continue to be trapped in its own value space if the values are not expressed. Its activities are still self-referential, making it a blind corporation. If the ideals are wholly at conflict with reality, the business is doomed to collide with reality's mountaintop.

We must start working on a crucial component of the economic justification of strategic development, if we are to tackle the issue of the neuralgic role and function of values in organisations.

A corporation must discover a shape from the strategic perspective of organisational growth that enables it to perform its function—the production of value in the best manner possible. It is still true that a company's function, or goal, affects its shape, or the specifics of its operations and organisational structure. The particular value that a firm is supposed to provide is precisely this function, and it is formed by values that are often taken for granted. When someone sits down to produce a strategy document, they often already have an idea of what their company's goal is: according to the economic rationale, it is to generate money; according to the CSR rationale, it is to manage in an ethical manner in accordance with the triple bottom line. The defining of competitive advantages, key competencies, and controlling instruments utilised in the process of achieving the organization's goal follow in a cascading fashion from there. We already make the financial, operational, strategic, and organisational choices that characterise the corporation as a system just by determining what a company does.

Proposition: Values influence how businesses operate. The purpose of the firm and, therefore, its shape, are determined by the values included in the business idea and business model: Form comes after function, and values come after function.

We reach the centre of sustainably feasible value generation, which serves as the framework binding everything together: Its goal is to raise the company's intrinsic worth while maintaining a relationship with its core principles.When we look in the mirror and ask the crucial question, "What would happen if our company ceased to exist today?," we realise that real value creation is not solely dependent on the revenue side of the equation, and it is also not influenced by voluntary sustainability goals or legislatively mandated sustainability targets. Instead, it prioritises environmental sustainability, which comes before all other value generation and is essential for the company's ability to survive.

Principle: Developing sustainable strategies focuses on adding substantial value

When creating feasible plans for the future, the most important question to address is: "For whom does the firm generate which substantial value?" The economic shortcut of pursuing just self-referential income objectives or the triple bottom line of the claims and demands made by external stakeholders are not valid answers to this topic. Instead, it is founded on the systemic obligation to ensure the company's long-term viability. When we adopt an upside-down strategic approach, this is made achievable. It is self-referential.

Proposition: The strategic path to tomorrow's competitive advantages extends beyond actual value generation and adheres to the logic of values with long-term viability. They are based on a corporate culture that emphasises values.

The Reason for Developing Strategies for Future Viability: Establishing Resources

Let's review what we have discovered: Other than straightforward appeals to their good nature cloaked in the concepts of CSR or the triple bottom line, we need something more to persuade businesses to adopt sustainable practises. Economic justifications for morally sound business practises also fall short of our objectives. Why, as previously said, is they are exposed for a double category error. The systemic impulses that control how individuals and businesses behave are first mixed up. Second, the crucial level where entrepreneurial action would be initiated is missed by the appeals. We now need a deeper examination of these category errors for our reasoning.

Category Errors in Business Ethics

We mistakenly give businesses an ethical capability that they just do not have, which is the category error in corporate ethics. They behave differently from rational humans in terms of self-preferentiality, we would expect. As we examine people, we can see that their capacity for morality stems from their capacity for conscious decision-making in moral dilemmas, which may happen when people are forced to choose between competing sets of values that each alternative is justified by.

Commercial justifications for ethical management are based on the idea that sustainable management practises will lower transaction costs and result in higher profits, for example by avoiding the long-term costs of violating social or environmental standards or by enhancing the reputation of the product or employer (cf. Gray and Balmer 1998; Hutton et al. 2001).

One spectacular instance is Jakob von Metzler's kidnapping. In an effort to free the abducted youngster alive, Frankfurt's deputy police commissioner Wolfgang Daschner threatened to torture the kidnapper Magnus Ga fgen in exchange for information on where he was being held. In order to protect Jakob von Metzler's life, Wolfgang Daschner reneged on his pledge to obey the law. He wrote in the official files that his choice was debatable as a representation of the moral conflict and his personal accountability for it. This served as the foundation for his own prosecution in the case. Entity that founded and maintain the firm (usually, business owners, investors, and workers) as well as the stakeholders who consume the advantages the business produces typically its customers, that is, the key audience and beneficiaries of the business model. The capacity of the business to achieve its objectives depends on both categories of stakeholders. So, the primary objective of enterprise is to meet the micro-level wants of the individual. Businesses are, in a sense, complicated monads that direct their efforts towards the people they work with and for as well as against competing businesses in their market. The problem is that entrepreneurial activity is solely focused on how it will affect the internal stakeholders of its objective on a micro level. Internal stakeholder refers to any group that must be taken into account if the business is to achieve its goals. As significant factors impacting the character of its company, this specifically includes the owner, the investors, the workers, the consumers, the suppliers, the business partners, or the legislators.

In actuality, this practise of only considering internal stakeholders has an impact on not only local or even global meso, macro, and supra-levels of communities, states, societies, and our natural world, but also developments on the micro-level, or state of the market in which the company and the people it interacts with exist. Commercial practise always has an impact on external stakeholders as well. These are the organisations and individuals that a firm might choose to ignore since they have no bearing on the creation of the work that is its goal. The normative ethical demand that the business take into account its effects on them as well typically comes from these external stakeholders, especially when those effects have a negative impact on the meso-level of businesses and society, the macro-level of the economy and society, or the supra-level of business/economics and nature. 3 Nevertheless, as was previously noted, businesses are only concerned with small-scale interactions among individuals, organisations, and markets. Due to the established methods of formulating strategies, they favour corporate models that generate profits while shifting the costs to society as a whole, such as when using natural resources. This economic justification for strategy formulation excludes external stakeholders and their demands as unimportant variables. This serves as a reminder that CSR claims are not founded on economic principles but rather on societal standards and, implicitly, on those of morally upright people. For this reason, humanistic business ethics provide conceptual justifications for referring to people as the responsible players in corporations. But, the reality is that, regardless of how many

magnificent instances of really ethical management practise we come across, the need for a comprehensive culture of responsibility will always remain distant and alien to the fundamental principles of economic activity.

We can cite the normative guidelines for ethically constrained competition put forth by Otto et al. as follows: "Competition should not intend or pursue the destruction of the competitor... should not be violent, but peacefulshould not be aggressive, but - if possible - based on inner calmshould not be degradingshould not be hidden, but transparent". This intense focus on what should be done reveals that businesses really have a tendency to operate in the opposite way, which often causes controversy for proponents of ethical management.

Markets of Excess and Markets of Responsibility: The Ways to the Competitive Advantages of Tomorrow

Today's businesses are being affected by a number of megatrends that are sweeping through our markets and societies, such as the acceleration of all processes, the blurring of traditional service or market boundaries, the loss of well-known business sectors and business models, and the loss of differentiating characteristics. How much of these changes are caused by technology was disclosed by a McKinsey research that was released in September 2014. Such technological progress has an impact on even businesses and markets that are not intrinsically technology-driven, since all aspects of our economy become more intimately interconnected all the time: "Connectivity and technology have changed the lives of billions of people and disrupted whole industries. A new era of artificial intelligence, consumer gadgetry, instant connectivity, and limitless knowledge will arrive in the years to come, ushering in corporate disruptions that are unfathomable in scope, size, and economic effect.

Let's stand back from this perplexing scene of many forces yanking, squeezing, and transforming our markets. The fundamental contradiction of contemporary management is now apparent: Businesses must learn two opposing talents if they want to survive in a market that is changing and losing its old certainties. They must adapt and be suppler in everything that they are and do. And they must become blatantly obvious in what they do and what they generate.

Proposition: Companies may become more adaptable and distinctive in their forms, functions, and business models by implementing sustainable strategies.

In order to maintain their firms' uniqueness and gain competitive advantages in the future, CEOs must work to make their organisations adaptable while also developing workable plans for the future. Their task is to create a company culture that capitalises on the potential for adaptability and a meaningful sense of identity. It also doesn't concern the "sense" that Generation Y expects from their work6 in order to activate the performance capacities in the generation, or the feelings of loyalty and engagement in the workforce. The majority of millennials think that business has to be refocused so that it gives people and purpose as much consideration as it does to goods and profit. Percent of Millennials think that firms are too focused on themselves and not doing enough to advance society. That is something quite distinct: Initiating such a culture entails turning on "consciousness" as a resource, which is a crucial resource for the markets of the future.

Proposition: Long-term feasible methods strive to construct the future "consciousness markets" by creating cultural strategies to raise awareness now. When we analyse the technological drivers driving the long-term cycles in the growth of our markets, we can understand how crucial such awareness methods are for creating awareness capital. The so-called Kondratiev cycles seem to be a continuous process of borders blurring and everything becoming quicker and more fluid when seen from a meta-perspective. The life sciences and

knowledge-based technologies, such as man-machine interfaces, artificial intelligence, and intelligent systems in robotics, logistics, data processing, and data mining, are where it is presently reaching its zenith.

The primary fuel for the major technologies of the sixth Kondratiev cycle, that is, for the business models in the life science, knowledge, or creative services industries, is awareness today, much as coal, steel, and later oil were the basic fuels of the second and fourth Kondratiev cycles. Knowledge is the true driving force behind the megatrends we found, even the revolutions impacting non-knowledge industries, as a resource and currency of these markets.

Innovation is being fueled by awareness as the fundamental resource of the marketplaces of the future, both on the supply and demand sides. This is owing to the fact that businesses will still need to modify their business models to compete in very competitive marketplaces and offer often identical, commoditized goods. Consciousness is a Janus-headed monster.By consolidating the promises of authenticity, pleasure, or distinctiveness into emotionally charged brands, enterprises still mired in the logics of limitless markets may be able to fulfil their sense-making role. This emotionalized portrayal of sensation engages customers and generates fresh demands.

Awareness is much more than just a way to put common sense into action to drive consumer spending for businesses that have opened up to the needs of the markets of future. For entirely new business models that address the most important concerns of the future, awareness is both the driver and the medium. It's important to make a distinction between this kind of awareness and the knowledge that drives our knowledge economy. As we can observe in the modern life sciences or in IT just consider the enormous data mining by Google and others that information (as of now) still forms a crucial component of the economic justification for developing strategies. Beyond this condensed notion of knowledge, our word awareness encompasses all knowledge. It is based on the realisation that the present economic paradigm requires us to change the quality of even human capital in order to make knowledge much more useful for long-term sustainable company models. The idea is ingrained in a comprehensive awareness economy that will mould the ethical marketplaces of the future.

CHAPTER 6
THE KNOWLEDGE ECONOMY

[1]Dr. M.K.Lodi, [2]Varalakshmi S.
[1]Adjunct Faculty, Department of General Managenement, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Associate Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]mk.lodi@cms.ac.in, [2]varalakshmi@cms.ac.in

Combining the forces driving the sixth Kondratiev cycle the potential of knowledge capital and knowledge markets with the self-reinforcing dynamics of concentration and resource exploitation as discussed above in »Mental models: The economization of our lives« makes it clear how the knowledge economy evolved into the awareness economy. Technology-driven knowledge market development goes beyond just sustaining the cycle of resource extraction and concentration. The world's population is dividing into two halves, one occupied by the knowledge elite who create, own, and market the goods and services of the knowledge economy, and the other by all those reduced to consumer status who have no involvement in the process of value creation, as demonstrated in our part on princedoms and empires. The irony of this division is that customers who are not involved in value creation have to pay a high price for it with their personal information. Consumption and knowledge (the possession of facts) are two separate concepts. Consumers are becoming exploitable data resources whose activity is observed, analysed, and recorded by content and platform providers to create ever more precisely crafted offerings as a result of big data technology. Large portions of the consumer population are becoming mentally disenfranchised as a result of the knowledge economy's economic theory. The creators of their material filter their information about their desires, goals, and chances via a semblance of reality. Similar to the movie "The Truman Show," this fictional world serves two functions. It directs the main characters, in this instance Truman Burbank, in accordance with the stage orders of the Truman Show's unseen director and producer Christof, and it broadcasts that fictitious version of Truman's actual life so that it may be sold as a commodity. It moulds the reality of the audience as a second-order approximation of reality. At least in part, the knowledge economy fosters marketplaces for fictitious representations of reality, sense substitutes, and goods that bring nothing to society other than to persuade consumers that they are necessary.

The business models of the awareness economy, on the other hand, are centred on real value and benefit that empowers customers in accordance with their unique potential rather than disenfranchising them. The awareness economy's guiding premise is active engagement as the foundation for more comprehensive, multifaceted value creation. The HILTI AG-led collaboration project on future building materials serves as one illustration of this. HILTI is developing an eco-friendly, long-lasting home using bamboo and adobe bricks in collaboration with the Homeless People's Federation Philippines (HPFPI) and the UN Economic and Social Commission for Asia and the Pacific (UN ESCAP). Another example would be the Dialogue Social Business GmbH, a group that works with handicapped people to alter how their peers who are able-bodied see them worldwide but is located in Hamburg. For instance, the "Dialogue in the Dark" initiative welcomes guests to a restaurant that has been completely darkened and has blind servers serving them. The typical roles are reversed, and both parties get fresh insights. These examples demonstrate how empowerment-oriented

business models i.e., those that provide additional value in both the commercial and more general senses can nevertheless be ecologically sustainable company models.

To put it more bluntly, the distinction between the knowledge and awareness economies is that the former represents the most developed and radical expression of the neo-classical economy mental model with all of its ramifications, whereas the latter departs from and transforms that neo-classical model based on the micro-logics of sustainable management. The distinction between the two kinds is hazy, as is evident in especially in the biological sciences, and this has to be emphasised. We have one method for determining if a certain business model for the life sciences belongs to the awareness economy, which enables multidimensional value creation, or the knowl- edge economy, which fuels the harmful cycle of acceleration and exploitation.

It is the real value that the company model generates. Let's take a look at the Psyware GmbH business plan, an Aachen-based startup. Psyware is an expert in computer-assisted speech analysis. With the use of its technology, it can create psychological profiles from 15-minute phone calls for use in customer service, sales, healthcare, and HR management. A team of psychologists, mathematicians, linguists, computer scientists, and business managers created the PRECIRE application, which is based on the results of formal-quantitative text analysis and acoustic voice analysis, two fields of medical, sociological, and psychological research that are particularly well-liked in the United States. PRECIRE is a self-learning AI system that generates progressively accurate claims about the relationships between linguistic profiles, psychological attitudes, and behavioural preferences by calibrating itself by comparing the profiles of individual individuals with the sample pool of earlier profiles. Large corporations who employ phone recordings of customer or recruiting calls for speedy and effective pre-selection and shortlisting a candidate for an assessment centre or interview or react to a customer's complaint in a specific manner are among Psyware's customers.

The markets were still seller's markets up to the 1960s, but that all changed with the arrival of saturated markets and the effects of the 1970s oil crisis. The markets had completely changed into buyers' markets by the 1990s. Since then, there has been another significant shift.

On the demand side, scarcity is still an issue, but it is no longer a factor on the supply side. Customers often lack the time and resources necessary to do their work and consume. Nobody, however, would be able to take in and comprehend the vast volume of possibilities available, even with ample time and money. The proliferation of market comparison websites demonstrates how the supply side has gotten out of control and is now far more crowded than the demand side can handle.

This has an impact on the way we create sustainable plans. In a corporate environment that only generates worthless inventions devoid of any actual practical use, or commoditized, interchangeable goods and services, we have reached a dead end. What difference does it make if our razor has three or five blades? A new shaving generation has arrived with the addition of two more, but the new product offers nothing in the way of real benefits. The guideline for really long-lasting viable methods must be:

Proposition: Develop sustainable business models for markets of affluence using long-lasting tactics.

The market for generic medications demonstrates that generics are identical goods supplied to identical clients via same distribution channels. Within hours of one company altering its terms, even slightly, the others will do the same. The hard sell, or direct communication between sales representatives and merchants like local pharmacies and pharmacy shops, is all that's left in the market.

Proposition: Long-lasting tactics focus on creating a climate of reliable partnerships

In order to establish a culture of trust in relationships, we must create real value for all internal stakeholders, including a company's owners or investors, workers, and clients, by including them in the constructive feedback loops of value creation. For this reason, we need a style of internal and external behaviour that balances developing enduring business models in affluent markets with constructing perceptions in a people-oriented approach.

The development of enduringly viable strategies: The global ethos Creation of Human Systems for High-Performance Teams

We may employ a notion that is not being prominently discussed by contemporary CSR, strategy, or business ethics thinkers when we start out to create and integrate such value-adding processes inside a firm. I'm referring to Hans analysis of the idea of the global ethos, which is founded on a set of principles and values shared by all major faiths and civilizations. Two guiding principles and four fundamental elements of human conduct are included in its abstract canon. Every person has an unalienable, inherent right to dignity and ought to be treated with respect, according to the concept of humanity. In other words, "Treat people as you would want to be treated." These two fundamental ideas are embodied in the four elements of the global ethos, which are:

(1) The ideals of peace and respect for life;

(2) Justice and solidarity;

(3) Honesty and tolerance; and

(4) Mutual respect and cooperation.

This fundamental guideline for social interactions is the outcome of the anthropological constants in conflict resolution, i.e., the outcome of a coping mechanism used by people when they experience an existential conflict between the values of individuals and their environments or between competing groups. The bio-psycho-social character of humanitythat is, the fact that our identities are formed by the communities we belong to and the ideologies we follow—is what gives rise to these disparities in values. In biological terms, we all depend on and exist in small-scale group connections like our families, peer groups, clans, tribes, workplaces, businesses, clubs, sports teams, and so forth. Our bio-social identities are shaped by our membership in certain groups, such as being an employee at Daimler-Benz, Audi, or BMW. In psychological terms, larger-scale belief systems are what we depend on to survive. These are higher-level systems of meaning, such as worldviews or belief systems based on religion, politics, or culture, or, in the case of businesses, brand conceptions with a strong sense of identity. They transcend people on a deeper level of meaning, which we feel as being connected to the existential principles we uphold. This not only establishes the roles we play in our social systems, but it also shapes how we see the world and how we see ourselves, which shapes how we behave and what we do. Every person is a member of a variety of organisations and creeds since we are social creatures, and it is from them that we get our basic needs and desires as well as how we see the world. To prevent conflicting desires and needs from. Every era and every society has developed a normative canon of fundamentally comparable values the ideals portrayed by Global Ethosthat soothes the existential tensions, sinking into a cycle of mutually destructive conflict.

The benefit of the global ethos for businesses is less in their ability to lower the costs of conflict, such as when creating team structures, interacting with customers or suppliers, or having a conversation with other societal stakeholders. As opposed to that, they provide a canon of values that may be universally engaged to master the transformation processe. By

contrasting the global ethos canon with conventional ideas of morality, ethos, and ethics, we can understand how this functions.

A Global Ethos between Morals, Ethos, and Ethics

Definition of morals: Morals are the whole of the pertinent values and standards that a community uses to evaluate the individual conduct of its members and that the society's members regard as self-evident. Morals really serve as the foundation for the development of social systems. They serve as our governing body and the standard by which we judge our performance.

According to these criteria, moral conduct is as follows: Morality and ethical principles are often subconscious. Moral standards are specific to a given time and place and passive in their practical direction since they serve as an unconscious guidance for our actions. Moral standards are rooted in the practical life of a society and are always evolving, as shown in our views about things like sexuality, diet, and property. What is ethos? An ethos is a set of deliberately held principles and standards that are upheld by a particular group of people and with which each person aligns their behaviour.

The following characteristics are highlighted by this definition of ethos: A collection of intentionally practised principles and qualities is referred to as an ethos. The ethos has a particular normative power and is actively action-oriented, and it is often extremely precise values of a definite group such as the professional ethos of medical physicians, judges, police officers, or the military. Every ethos characterised by its unique historical moment and geographic location is vulnerable to ongoing change in light of the conflicting value dynamics in social systems. What is ethics? The study of moral principles and standards is known as ethics. The circumstances, breadth, and extent of the norms that our moral acts are founded on, as well as their universal justification, are all topics covered by the philosophical field of ethics. In order to comprehend and overcome the problems that occur in our life, ethics explores the basics of human existence.

This definition once again highlights the essential characteristics of ethics: Ethics is the study of the proper universal explicability and reliability of the principles that guide human behaviour. Ethics examines how we live out our principles and virtues, particularly in difficult situations and while considering the topic of what constitutes a decent life. Ethics investigates the generally accepted justification for human behaviour. Justice is the main subject. As ethics is the study of values, ethical ideals assert a universal normative power and are reflectively action-oriented.

We may differentiate between these representations of the essence of human behaviour based on their reflectiveness, action-orientation, and explicability and reasonableness, as shown by our definitions of morals, ethos, and ethics. The internal structures of concrete groups at a concrete time and location reflect (ethos) or are unelected morals as the regulating factors influencing individual behaviour families, companies etc. On the other hand, ethics, as the study of the circumstances, nature, application, and comprehensibility of moral principles, serves as the regulatory counterweight to such internal moral systems.The global ethos plays a special role in this phenomenology of good deeds and the philosophical quest for universal justification of good deeds because, in the case of the global ethos values, we come across a canon of values with universal validity on the one hand, a canon that was formed and accepted at all ages and in all cultures. On the other hand, since it has developed from a large number of particular events and experiences in life and history, we also face a canon with pre-cognitive influence on practise. Applying Kohlberg's model of audit moral development, the universally explicable deontological canon of ethical principles is represented by the

global ethos values as a canon with a level-six impact. This is pertinent when we take into account two facts: Secondly, according to Kohlberg, just 4% of individuals reach this sixth and greatest degree of moral growth. Second, all of the important philosophical ethical discussions take place on this sixth level, regardless of whether they are deontological (Kant), discourse-ethical, justice-ethical (Rawls), utilitarian or even pragmatic (James, Dewey, Rorty) in their justifications. It explains why such philosophical ideas are all too often ignored by what Nietzsche refers to as the all-too-human. These don't correspond to the mental world and experiences of the majority of people, whose emotional and cognitive capabilities are still rooted in Kohlberg's model's lower levels. The global ethos may serve as a useful canon of values below the sixth level in this situation: Even before accessing the philosophical rationalities of the sixth level thinking, it has power and importance since it derives from the many daily routines and interactions of human contact. The global ethos canon also includes the ethical principles and notions of justice that make up the philosophical discussion of the sixth degree of moral growth.

The fact that the global ethos principles, in contrast to the many ethical debates, have practical application without regard for ultimate justifications is what gives them their significance. Before and beyond any philosophical justification or explanation, they have an impact on actual life. This is feasible due to the global ethos values' lack of intention and extension, semantically speaking. They do not convey a single, philosophically conclusive message, in contrast to the historically or geographically defined ideals of a culture-specific ethos. They serve as the universal, abstract standard for all the many social and religious norms that govern how people interact. This endows them with a controlling power that may be used to regulate even extremely disparate ways of living (or doing business) without favouring or disfavoring any particular representation of them. The universal ethos values are reflective values according to Kant's distinction between normative and reflective values: They do not impose a rigid standard of what constitutes justice or equality in any specific social or business context, nor do they instruct us on how to handle a specific issue. Instead, they encourage us to consider whether a certain law or set of procedures is just and equitable from the standpoint of all parties concerned.

So, the global ethos values operate as a bridge between the quest for an abstract reflective universally reasoned ethics on the one hand and the historically or geographically produced morality on the other as universal standards for human interaction. As previously said, we shouldn't attempt to impose a normative interpretation of the content on them. They should be seen as regulating structures that are not constrained to any particular physical substance and are capable of holding a variety of meanings. If we read the global ethos values in this way, we may interpret them using Immanuel Kant's difference between determining judgements and reflecting judgements also known as "reflektierende Urteilskraft". The strength of the global ethos values, when seen as reflective judgment-making functions, comes from their capacity to act as regulative ideas, or as concepts that direct how reflective judgements are made. They should be seen as regulative concepts that are not constrained to any particular concrete substance and are capable of containing a variety of meanings. The global ethos values are abstract "dispositions" of our reflective capacities, following Kant's difference between an imagined "noumenal reality" and the many methods to express it. As a result, they do not accurately reflect the historically and geographically shaped living activities they discuss. To maintain both the ideal of a canon of values with universal validity for all cultures and situations and the variety of real cultures, we need to draw a boundary between abstract disposition and concrete behaviours in actual time and location (which the global ethos canon accommodates explicitly). The global ethos values are therefore ideas having practical consequence in the real world, in contrast to Kant's logically necessary ideals of theoretical

reason. They serve as procedural scripts used to evaluate the particular guidelines and logical flow of events used by a business to deliver on its value offer.

We can now shift our attention back to the possibilities for entrepreneurial value creation that these principles may provide after this little tour of the role of the global ethos notion in ethics. Although if the idea of a global ethos is crucial for managing conflict inside businesses or any organisation, its principles are much more significant in terms of their potential for strategy development:

Engaging the global ethos values is the cornerstone to a complete plan for future viability, according to proposition.

This key applies to all facets of a business, but particularly to its capacity for innovation, its adaptability, and its distinctiveness in the significant values and advantages it produces. People's membership in groups leads to distinctions, or rather, to the dynamics of the small differences, with which businesses and their goods and services gain the potential for differentiation. Companies may exploit this potential inside and across groups for the benefit of their operational portfolios by actively implementing global ethos ideals.

Proposition: The activation of differentiation potential as a positive source for long-term sustainability is the main strategic application of the global ethos.

Examples of this potential may be seen in the creation of high performance teams, the activation of multicultural teams, and the growth of culturally tailored markets. All three of these things require us to balance a wide range of values and individual preferences. Only if the global ethos ideals are upheld will this be successful. They serve as the fundamental building blocks for the harmonious and fruitful interaction of various actors, and as such, they serve as the catalysts for the creation of high performance teams (Glauner 2015b), teams whose outcomes are superior to the sum of the solutions of individual experts because they are able to recognise factors that individual experts would deem irrelevant or outside the scope of their expertise.

Profit from Motivation: Development of Human Systems and High Performance Teams

Two sectors demonstrate the value potential of a business culture dedicated to the global ethos values: First, in how businesses interact with their external customers. Here, the global ethos principles provide businesses the ability to reshape the connection between their organisation, markets, and business models such that their encounter with diversity really activates the potential for productive value. In this context, value creation is defined as "creating value via the constructive management of complexity, variety, and development." The second aspect of productive conflict resolution is internal relations, or more specifically, the systemic interaction between a corporation and its employees.

A corporate culture devoted to the global ethos values thus also provides the following value potential when considering the micro-rationale of entrepreneurial action (Glauner 2014), that is, the fact that all entrepreneurial actions are made from the point of view of better competitiveness. All of this potential is centred on innovative diversity management: It necessitates the transparent and trustworthy management of individuals with various backgrounds and skills. It is a need for a business to respond and make decisions in the many distinct local circumstances it faces on a global scale. Then, applied diversity becomes a catalyst for business success. Hunt et al. note in their recent McKinsey research "that the chance that organisations in the top quartile for diversity outperform those in the bottom quartile in terms of financial performance". This chance was 15% in businesses where there was gender diversity, and it was 35% in businesses where there was ethnic diversity. The chance "of financial performance above the national industry median" serves as the frame of

reference in this situation. All of the nations in the data set's composite dates are used for the analysisoutcomes differ depending on the nation. Diversity is now recognised as a production component. As we go back to the developments, particularly the issue with making judgements in difficult circumstances that we found in Chapter 1, we can see this. A new understanding of people and goals is required to solve this issue, and the global ethos ideals play a significant role in this. Companies and their leaders are obliged to make judgements in more and more perplexing situations as the commercial world's complexity continues to rise. They need the opinions of individuals with other perspectives if they are to broaden the scope of their decision-making process beyond the confines of their own field of view. Naturally, this new information just makes the situation more complicated. A multidimensionally open management of the many information sources, workers, customers, suppliers. This has to be built on shared values like cooperation, esteem, justice, reciprocity, openness, and honesty in order to be really fruitful. Even if the information is still few and dispersed, a business culture that can do this provides an important foundation for conceptual and operational choices that will lower transaction costs. We must aggressively promote the global ethos ideals in our companies if we are to fully realise the possibilities inherent in diversity. By lowering transaction costs the costs of complexity and friction and maximising the potential for creativity, innovation, and growth, only diversity that is actively promoted in the context of a global ethos can help companies be flexible, adaptive, unmistakable, and more productive at the same time.

Put differently:

The return on motivation, or the improved performance attained by raising the calibre of interpersonal and systemic interactions and exchange processes, is where the value potential of the global ethos values rests.

This teaches us that firms need to look in two separate ways if they want to remain viable when we go back to the transformation processes we previously mentioned. To be able to adapt to the speeding of all processes, the disappearance of outdated business models, and the disappearance of horizontal and vertical limits in all markets, they must first become more flexible. They must maintain their items' distinctiveness and recognisable quality while doing so. The global ethos values must be tempered by human systems development in order to reconcile this contradiction of contemporary management. The way we handle disparities between people, between people and groups, and between groups whether they be caused by cultural differences, variations in worldviews and perceptions of reality, or even differences in aptitudes and competencies would be governed by this. Businesses may take advantage of these distinctions if all parties adhere to the global ethos canon.

The foundation and prerequisite for businesses to realise their bigger purpose fulfilling their autonomous, highly adaptable, and substantively distinct value proposition is a corporate culture supported by global ethos principles, which serves as the operating system of high performance teams. This may be observed in the creation of strategies as well as in a topic that pertains to standard management procedures: the issue of leadership systems and styles. Several situationally relevant leadership styles are required depending on the circumstance, organisational structure, and purpose. For instance, circumstances where a large group of individuals need to be led through significant reforms may call for a highly authoritarian leadership style. These people may have quite varied degrees of skill, knowledge, and understanding. To solve creative problems in a complex environment, small-scale social systems (teams, workgroups) with minimal systemic complexity are required, i.e., high-performing teams with laissez-faire leadership that allows them to self-organize and act and respond as they see fit.

Leading entails making choices when information is lacking. It is the process of managing complicated situations with a factual emphasis on choosing the means, strategies, and objectives and a people focus on organising and inspiring the participants to solve problems and achieve objectives on their own.

Leadership is the capacity to enthuse others about a subject such that they feel inspired to pursue it. Effective leadership prioritises engagement in the tasks at hand above mindless compliance. Leadership entails bringing to life interpersonally shared beliefs. They adhere to the notion that individuals are sense-focused entities. Concrete strategies are utilised in leadership styles to motivate the followers. These are systematic methods, seen from the perspective of the leader, that assist staff in finding, coordinating, and introducing solutions for challenging situations. Leadership systems are based on leadership styles.

Systems of values called leadership systems organise the actual relationship between those leading and those being led. The historical and sociocultural notions that determine the perception of man and the functions of the leader and follower are expressed in leadership systems. Leadership accountability entails full accountability for the followers of the leader (mistakes made by employees are mistakes of the leader).

Only when the global ethos principles are upheld by the management system itself can situationally suitable leadership approaches be successful. Any leadership style, whether laissez-faire or autocratic, charismatic or bureaucratic, democratic or cooperative, or any other, can be categorised in terms of the global ethos if the organisational level management system is kept open, transparent, and coherent, if fairness, dependability, appreciation, and respect are given on the functional level, and if trust, responsibility, and commitment are present on the social level. If these ideals are effectively implemented in the particular management system, a manager's personal leadership style will be consistent with the values of the global ethos. Openness, transparency, coherence, fairness, dependability, appreciation, respect, trust, accountability, and commitment are the outward manifestations of the qualities that the global ethos idea has shown are apparently abstract.

The importance of the global ethos values in the many different corporate values that we find in the wild is shown by evaluating a company's management systems in light of the global ethos. They serve a secondary function in this regard, i.e., they assist excellence-oriented tactics rather than serving as the core ideals of a corporate culture (Glauner 2016b). Nonetheless, they are essential for overcoming the paradoxes of contemporary management and creating a firm that is distinct with a highly adaptable but substantively important value proposition.

Values of a Corporate Culture, Primary and Secondary

The fundamental principles of a corporate culture are all conceptually defined substantive principles that determine the company's value proposition. These values include the fundamental value proposition of the business model as well as the associated primary and procedural values of the culture, as shown by ill. The core principles of the firm's culture are all those that demonstrate how the organisation fulfils the promises made in its value proposition. In terms of the dimensions of the product and service, they describe the particular value proposition in relevant values terms. They contribute to the brand claim by looking outside, and by turning inside, they provide the core competencies that enable the business to deliver on its value offer in the market. Those who are interested in the advantages conveyed by the major values are drawn to, or pulled in by, these values. This is known as a pull effect. Interactions in the corporation are governed by the procedural values of the corporate culture. In order to properly fulfil its value offer in the market, they align the

culture in a way that allows it to best develop its core values. The relationships between various business divisions and procedures are governed by the procedural values, which distinguish between main and secondary norms of the corporate culture. The fundamental standards are those that ensure the major values' value proposition is realised. The global ethos norms are the secondary or subsidiary norms. They serve as the fundamental grammar and must be followed if the business is to produce its masterpiece, a clear and distinctive value proposition. The values cockpit outlines the fundamental and operational values and positions them so that the organisation in question acquires a distinctive character. Looking at the water cooler service provider Pur Aqua Services AG, which the author developed, may help clarify the connections between these values and how they are used in operating the firm via the values cockpit:

Pur Aqua was a startup that entirely constructed its organisation using the values cockpit. As Pur Aqua was the only firm at the time offering water cooler bottles with pure Black Forest spring water, the company's business plan stated that the main advantages for clients were "Pure Water. Pure Service." Three primary values were derived from the claim. The employees at Pur Aqua sought to comprehend the advantages provided by the business from the perspective of the client by asking themselves, "What's in it for me?" Service and comfort refreshing Black Forest natural spring water wellbeing and good health. The competency profile, which is based on four basic competencies water expertise, customer focus, a service attitude, and sales proficiency was created using these three fundamental ideals. A culture dedicated to the procedural principles of openness, friendliness, consistency, quality, punctuality, speed, and efficiency in all interactions with customers, suppliers, workers, and other external partners was established in order to safeguard these skills. These procedural values that underpin the value creation process serve as the core values of the corporate culture. They are reinforced by the subsidiary global ethos values, which serve as the guiding principles of a culture that upholds the value creation pyramid of the business model.

Pur Aqua just required two years to develop a nationwide sales network, defeat major mineral and table water brands in London and Seattle by winning nine international prizes, and successfully sell the company to Danone S.A. by firmly establishing its complete business operations in values. The global ethos principles serve as the fundamental arithmetic of human connection and serve as the prerequisite for businesses to deal with more sophisticated mathematics: how to provide distinctive and substantial value. The global ethos principles serve as both a guide for interpersonal relationships and a standard by which to judge the moral viability of two crucial components of entrepreneurship: developing a company model and establishing a value portfolio. The global ethos values categorise a company's activities and the value it creates, drawing on Wittgenstein's logical truth table.

The following are some ways in which a company's culture and business strategies might be evaluated using the ethical truth table: If a company's culture, or the norms of daily interaction inside the firm, is supported by respect, fairness, and partnership—or, to put it another way, the values of humanity then that company's internal conduct is deemed ethical. They are founded on bedrock of justice, solitary, honesty, and tolerance. Their goal is to use these ideas in a manner that is suitable for the current circumstance. This is what the market leader in Europe, dm drogerie-markt GmbH, refers to as its "people orientation," or commitment to people as a whole.

The ethical qualification of the outward-looking viewpoint, that is, the value-oriented determination of the strategic objectives and business model, varies from the inward-looking perspective, that is, the procedurally focused creation of the corporate culture. In order for corporate objectives and business models to be ethically viable, they must also consider the

demands of the customer as well as other systems in the environment the company operates in and with. This is known as the triple bottom line. Only businesses that have their business models based on an ethically sustainable culture and utilise it to produce sustained significant value for everyone they deal with may be considered ethically qualified. In more technical terms, this implies that Business X is ethically qualified only if it maintains an ethically qualified culture and an ethically viable economic model. The distinctions between the two ethical aspects of entrepreneurial activity become especially evident when we look at organisations that consider themselves ethical on the inside, but adopt immoral techniques on the outside. One such instance is the crucial case of the Deutsche Bank AG. The bank can undoubtedly claim that it had for many years remained committed to the tradition of persons like Hermann Josef Abs or Alfred Herrhausen, fostering a banking culture of respect, fairness, mutuality, transpar- ence, justice, and solidarity. Yet if we take a look at the previous 20 years of the organisation, we can surely challenge the ethical ability of the bank in light of the aims, business strategies, and actions that have made public. The target of a return on equity of 25 % proposed by Josef Ackermann led to a fundamental shift in the bank's practises, moving from a focus on the sustainable and customer-oriented provision of financing for the market to an attitude that cared only about profit targets and the bonuses these promised. In the end, this culture transformation may be blamed for more than 7000 legal proceedings for fraud and manipulation, brought forward by the bank's customers, other market participants, financial regulators, and governmental actors.

We may accuse the Deutsche Bank of unethical activity for the same grounds that apply to other participants in the financial market, most famously Lehman Brothers, where one group of brokers were selling assets on whose failure another set of brokers were wagering. A win-win for them, since the bank dramatically enhanced its own gains when selling the securities to be known to falter to naïve investors. The Deutsche Bank too pursues a corporate strategy of self- serving profit. It prioritises its own interests above the development of value for its customers. With its profit and bonus-driven attitude, the Deutsche Bank is another illustration of the aforesaid concept of the reckless maximising of profit at others' cost.

The opposing instance also indicates that morally competent cultures and business strategies do not have to go hand-in-hand. Let's consider charitable organisations or fair trade/sustainable enterprise companies. We will frequently uncover firms that only retain their charitable/fair business model by withholding something from their workforce, such as leave benefits or overtime compensation. At other companies, the culture is one of fear and vindictiveness, with everybody working against everybody else. Even companies with ethical claims and business models suffer from the envy, jealousy, greed, vanity, and lust for power that all human vice seems to stem from. The example of the Deutsche Bank again reveals the link between values, mental models, and entrepreneurial practise. When speaking about lastingly viable strategy development, we can explain this link as a see-saw process when a specific market or corporate culture forms. Companies respond to the behaviour of the other actors in the market, and their response in turn reinforces the culture they experienced. The culture is therefore the product of a feedback loop that can become a danger for companies when the market accelerates faster than their culture or when they have developed a culture that is no longer fit for the market: Companies align their behaviour with the expected behaviour of other market actors. The behaviour of market actors is determined by the mental model according to which the market has been organised. The mental model determined entrepreneurial action.

CHAPTER 7
ENTREPRENEURIAL ACTION SHAPES IN COMPANY

[1]Dr. Monoo John, [2]Raghu G Anand
[1]Associate Professor, Department of ENVC, CMS Business School,
Jain (Deemed to-be University) Bangalore,Karnataka, India
[2]Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]dr.monojohn@cms.ac.in, [2]raghuanand@cms.ac.in

The applied values decidedly not the values stated in mission statements, which most people only do lip service to determine the thrust of the company's evolution.When markets evolve faster than the given corporate culture or of the culture of values at a company does not match the values of the environment around it, the company is at risk of crashing into the cliffs and sandbanks of the changing market, like a great oil tanker failing to correct its course.The problem of this feedback loop is that companies today are facing the challenge of creating cultures in which thought and practise are both viable for the future. Any serious attempt at changing a given corporate culture will need a commitment to a change process that will take five years or more if it can ever be successful. Given the mentioned accelerated transformation of the markets, such long-term processes will necessarily clash with the short-term, ad-hoc impact of market revolutions.

For people attempting to develop lastingly viable business models, this problem can offer two insights that should be considered when making strategic decisions. The first concerns market conformity compliance and swarm stupidity, the second concerns the way out of the flytrap of self-conditioning expectations.

Compliance:

The Swarm Stupidity of Market Conformity what goes for people goes for companies. Both align their behaviour with expectations coming to them from the outside, from the surrounding social systems. Looking at human behaviour: A substantial body of socio-psychological research shows us that most people have the deeply embedded will to be fully integrated members of the groups they are living in Bauer. That even applies when the need for compliance with the group's values and beliefs might go against their own personal values and convictions. As Paul

The actions of companies are also determined by the expectations they attribute to their market, their customers, suppliers, competitors, or any other relevant stakeholders. In this sense, companies tend to conform to market expectations, that is, they behave like any other market actor. This conformity then means that market cycles can reinforce themselves and, regularly, blow up into veritable bubbles. If we see the behaviour of individual people or companies as part of such cycles, we can call it swarm behaviour. Swarm behaviour, however, does not imme- diately imply swarm intelligence. Rather, it often tends to be swarm stupidity.

Otto et al. can find in swarm intelligence, that is, in the unreflected decisions of the many, a potential that companies can use for their competitive purposes, eg in understanding their environments, but also in forming their organisations or innovating. What makes sense for fish or birds – namely, the responsive reactions of a massive group of cognitively not overly

developed individuals in a not overly complex environment eg when a seal hunts a school of herrings oes not make as much sense for cognitively highly developed individuals in highly complex environments. History suggests that the swarm behaviour of humans does not normally lead to better solutions. Instead, the outcome is often sub-par, eg the typical boom-and-bust effect in swarmed markets. Organizational research and the study of democratically inclusive decision.

Because it is market conformity that creates bubbles in the first place, and market conformity is how it goes on: Suddenly, everyone wants that one thing that one share, that one bond, or that one brand. Basic economics dictates that prices will rise to a point when the object of desire is overpriced, and the bubble will burst. This swarm stupidity follows the lemming impulse: Everybody follow the leader. And as everybody else is running after something, even the stragglers and doubters start to think that “something has to be in it”. They might miss something. So they start to run as well. Lastingly viable strategies are aware of this lemming effect and take their own routes.

Escaping the fly trap of self-conditioning expectations: Learning from birds “Learning from birds” can be a metaphor that tells us how individual companies can escape the lemming effect of market conformity. Let us travel back around 66 million years in time, to the extinction of the dinosaurs. We can see how they failed to adapt to a changing world. Their evolution had followed a single paradigm: Size matters. At the end of the Jurassic era, dinosaurs had evolved into the largest beings ever to walk the Earth. With the onset of the Cenozoic era, the beginnings of the world as we know it, this became their Achilles’ heel: “Size matters” gives you no other option than to keep growing larger. But larger did not fit the new world. This is the biological expression of the feedback loop of “What worked yesterday, will work tomorrow”: the dinosaurs had had their day. All dinosaurs? Some were not beholden to the paradigm of size. Birds, a subset of dinosaurs, did not follow it. They developed small-scale niche strategies that allowed them to adjust flexibly to whatever habitat you could imagine. They were, in Darwinian terms, much fitter than their reptile peers. Learning from them means learning to take novel and independent paths that go against the prevalent market thinking.

For companies, taking new paths means rethinking the mental models that still govern the market. They need a changed sense for their values, beginning with the simple recognition that it does not suffice anymore to respond to impending changes. Formerly effective responses only helped form self-conditioning expectations that pushed the market into a short-termist outlook and put the survival of companies at risk. Expressions of this short-term thinking include the constant call for more flexibility, the shrinking life expectancy of companies, and the constantly accelerating change dynamics that companies need to keep up with making processes show us that self-constituent groups only manage to reach optimum decisions quickly or effectively in complex environments, when they only include a limited number of individuals and when these share the key values and worldviews. Specifically, this would include those ethos values that govern a smooth handling of differences and that have the potential to produce and accommodate different perspectives. As soon as the number of participants and/or the complexity of the problem to be managed and/or the differences in the values and worldviews of the group increase, swarm intelligence soon devolves into swarm stupidity. Every member of the swarm then just goes with the flow and follows only one idea, without even considering other options, and the system becomes incapable of managing itself quickly, efficiently, or effectively. All of these forces of acceleration lead to short-term thinking that does not go beyond the next quarterly report. In order to become viable for the future, the first step towards rehabilitation will be to understand that companies do not have to respond to the immediate changes, but to the long-term consequences brought about by the

spiral of change. These consequences mean the spiral of disruption, concen- tration, and resource exploitation as well as the resulting erosion of commercial biodiversity, a strong consumer base, and healthy participation.

The spiral of change's centrifugal pressures are dividing effective strategy concepts into two main groups: To dominate the market and establish independent princedoms, the first uses the economic model and develops disruptive business ideas. This is the Big Game of strategy, played today by companies like Apple, Monsanto, and its ilk, as well as by the British and Czarist Empires. Our examination of the spiral of dispersion, concentration, and resource exploitation has shown that such tactics ultimately destroy the foundation on which they are based. Such economic empires are destined to fall, just like the political empires that came before them. They are finding out that they have clay feet. These are the extinct creatures of today. The foundations of strategies that aim to integrate various, small-scale institutions with broad involvement are stronger than those that aim to play the big game. Instead of dinosaurs surviving the apocalypse, such sustainable techniques allowed birds to do so. They base their business strategies on an understanding of values that recognises how important it is to offer value by fostering long-lasting values cultures. They get an evolutionary edge that will let them live to see another era.

Plans for Future Sustainability: Producing Value Addition

We can now take a fresh look at the business models that are used in our contemporary society using the tool we just created for the business models of the awareness economy, the ethical truth table. As a result of our justifications for the economic justification of strategy development, it is clear that the contemporary economy depends on an ever-increasing cycle of resource exploitation. This obvious reality may be seen in the case of oil without us wishing to get caught up in ideological arguments. There may be some disagreement about whether we have burned up 60%, 45%, or even 70% of the world's oil reserves, but every schoolchild is aware that it took hundreds of millions of years for that oil to create and that it only took a single century's worth of trash to burn up roughly half of it. Literally speaking, we have burnt up a lifetime's worth of global history. Not only with regard to oil, though. That also applies to several other sites. We get at three striking realities when we combine that with what fixed-step development is described in mathematics:

First, human activity is using up resources increasingly and unsustainable amounts quicker than nature can replenish them.

Second, since ecological systems are so complex, it is impossible to determine precisely when the depletion of one resource will result in the collapse of a whole ecosystem. Third, even though we are unable to predict when a collapse will occur, we do know and this is the most important lesson to take away that the opposing forces of consumption and regeneration will inevitably cause the collapse of the basis, with mathematical certainty, if we carry on with our current course of action, never letting up on the gas, and never altering our trajectory.

The ruthless exploitation of resources caused by our dominant economic paradigms can only be stopped in its tracks if companies encounter new forces compelling them to pursue alternative strategies for commercial success from within their own rationale, as appeals to reason the purpose of many CSR efforts have so frequently failed. The psychology of rapid wins is simple but powerful, and these forces must keep it in mind. An immediate, lesser reward will always have its attractiveness even if a larger payoff is promised in the future. Companies must develop tactics that take into account the adage that "a bird in the hand is always worth more than two in the bush" in order to eventually convince us to capture the

two from the bush. The basic principles of nature, such as the cyclical laws of give and take that govern nature's operation and which are expressed in self-reinforcing cycles that create added value on more than one, more than their original dimension, must be taken into consideration in order to develop a mental model of viable commerce. This mental model must translate our current perceptions of scarcity, competition, and value creation into a new paradigm. This requires a new strategic approach that views sustainability as a component of an economic viewpoint that promises to develop tomorrow's competitive advantages rather than as an expression of the entrepreneur's human duty for society or environment. The recent results of the Harvard research by Khan et al., which demonstrate how sustainability initiatives in businesses and investments in CSR will pay off in tangible terms, are insufficient to make this point. Instead, a major transformation in how we think about markets, businesses, and what makes them sustainable over the long term is required. In order to maintain the outdated paradigm of the self-centered pursuit of profit, the rationale for a long-term viable business is not one of dominance strategies, which tries to reorganise and connect the links of the value chain, but rather one of the value-oriented establishment of new value cycles that substitute unhealthy, short-termist business model growth with an intelligent concept of growth. It is essentially an embodiment of the resource creation concept.

The Five Elements of Economic Value Creation in Nature

The fundamental rule that governs how our natural world functions is the concept of resource production. Let's think about the environment: Every ecological process is based on cyclical systems that are allowed to operate in line with five natural principles: locality, freedom, size, variety, and value generation. The cyclical system's capacity for expansion and differentiation is determined by the fundamental resources at its disposal as well as the total number of cycles in which value is created within the system.

Natural cycles are regulated by two main rules due to their forces of continual distinction via adaptation and change. According to the first systemic law of ecology, only those ecosystem subsystems will survive over the long term that provide value to the overall system, value that exceeds what the subsystems detract from it. This value contribution concept gave rise to the second systemic law of ecology: Exchange cycles with added value have an expanding base of resources. Ecosystems do not survive by perpetual resource consumption, as suggested by our present economic mindset, but rather by integrated resource generation.

The economic Darwinian trap is when we explain nature using our understanding of human competitiveness and then mechanically interpret it using the economic justification. Nevertheless, abundancedefined as the comprehensive feedback loop of ongoing and substantial excess and added value creationrather than scarcity, is the guiding principle of nature. What has made it possible for certain species to survive? The reason is not that they adapted better to their surroundings, but rather because they provide more value to the system than they take from it. Mycorrhiza and bees demonstrate how this works. Both live in harmony with their hosts and the surrounding environment. They significantly outperform the value they get in return by adding value to the environment. The fundamental law of nature is the generation of symbiotic surplus and added value. Solely the cycles of nature are cycles of growth. They don't survive by recycling individual parts in a cradle-to-grave cycle that is energy- and resource-neutral; rather, they survive by using the five ecological resource creation principles to continuously improve the available biomass and the differentiation potential that drives and develops growth cycles. Natural growth is predicated on the production of systemic added value, when a subsystem produces more value to the larger whole than it receives in return. Thus, what allows a business to exist in its ecosystem? Not adaptability or adaptive fitness in a race for limited resources, but the production of value

added that preserves and advances the larger system. We must be receptive to the fundamental rules governing natural cycles if we want to escape the Darwinian trap. We need to connect our economy with nature's resource-creating growth principles so that we may stop seeing the world through the lens of economics, which is to say, viewing it via mental models of scarcity, competition, or the struggle for existence. This entails initiating cycles of excess that produce value. It doesn't work with business models that replicate biological processes or with the notions of a post-growth economy, which promote self-restraint and growth restrictions. By doing so, it contributes significantly to the future responsible markets' added value. The five principles of natural development are to be freely and creatively used to independent plans for the generation of value and additional value. This kind of growth halts the current cycle of disruption, concentration, and resource exploitation via both a qualitative and quantitative process. In order to do this, it creates business models and organisational structures that collaborate with both natural and artificial social systems to create differentiated, regionally decoupled, autonomous value creation cycles. This increases and enriches the very resource stock that the entire system depends on.

The Growth Trap: Economic Growth as a Driver of Depletion

Let's now discuss the growth-oriented economics. At its heart, it is founded on two forces: The first factor is the human need for individuality, and the second is the commercial quest for gain. Together, they feed a sort of growth that, as described in »Mental Models: The Economization of Our Lives«, drives the cycle of resource exploitation and depletion. Three growth factors keep the spiral going: the human demand for distinction at the person level; the forces of pricing at the corporate level; and the forces of capital at the market level.

Differentiation

Humans want to be unique. They do this by symbolic actions that, even without many words or acts, communicate their rank. As more and more aspects of our life become commercialised, businesses and markets have become a significant setting for the creation of distinction via symbols. As opposed to being tools for preserving one's survival, wealth and power are now seen as markers of difference and individuality that individuals want for their own reason. This results in the previously described concentration of wealth and power as well as the ongoing cycle of resource exploitation, concentration, and expansion. The managers and company owners at the top of that spiral are making their imprints on the economy with innovative business models by creating goods that allow customers to distinguish themselves from other consumers. The processes of expansion, according to which property is desired just for the sake of property that is, the appeal of so many items is simply that we can demonstrate that we possess them, and we crave them for no other reason are driven by the human urge for difference.

Prices

Businesses are likewise entangled in a current that sustains the cycle of resource depletion and expansion. This is clear from the downward pricing pressure that is impacting all goods and services. It is brought about by inflationary and competitive pressures that over time erode businesses' revenue foundations. If, for example, a company needs a 10% annual profit to keep its infrastructure in good shape, invest in new projects, or simply to maintain its substance, and if annual inflation is 3.5% due to monetary effects, rising wages, and higher commodity prices, the company can only achieve its essential profit by offsetting these effects with either price increases, efficiency gains, cost savings, or increased output. If it continues to sell the same amount of items, it will have to either push a 3.5% price increase through or make 3.5% in savings. If none of these is possible, it will need to boost revenues

by 46% the next year, 178% the following year, and 335% the following year. According to the Simon-Kucher Global Pricing Study, prices can typically not be raised above a certain margin for an unchanged product, and it is unrealistic to expect continuous cost reductions and efficiency improvements of 3.5% per year. As a result, the necessary profit can only be made by increasing sales volume and using high-quality upcycled products with a subsequent price increase. Volume is the only option if product and brand traits cannot be upcycled—Simon-Kucher reminds us that 72% of all new items fail. This implies that, all other things being equal, businesses must expand at exponential rates in order to generate the profit necessary to support their own existence.

The conundrum at hand is not the need for further economic expansion, but rather the intrinsic devaluation of all provided goods and services, which is fueling a vicious cycle of concentration, pricing pressure, and resource exploitation. Today's businesses are often found in oversaturated marketplaces. Logic dictates that as these marketplaces expand, the value of the goods and services offered there would decrease as increased competition puts pressure on pricing. The continuous erosion of prices and its polar opposite, the continuous, are examples of this spiral. The number of hours a typical worker must put in to be able to buy anything is a good indicator of the spiralling erosion of prices. In contrast to the labour requirements in 1991 and 2007, which were as follows: 11/10 minutes for a 2-pound loaf of bread, 6/5 minutes for the butter, 8/7 minutes for the eggs, and 3 minutes for the beer, daily necessities in 1960 cost 20 min of work (two pounds of bread), 39 min (half a pound of butter), 51 min (10 eggs), or 15 min of work (a bottle of beer) when new product features develop. When adjusted for inflation, the cost of vehicles and computers hasn't actually decreased that much, but every new generation offers additional features and better quality that weren't previously conceivable without significantly higher pricing.

Because of this natural urge to expand, the depletion cycle of concentration and resource exploitation is powered by the next set of self-reinforcing processes.Increasing sales volume is necessary to sustain continuous earnings, the depreciation of pricing in the market is caused by the constant growth of sales volumes, and the constant repurposing of goods and services prevents price erosion. Existing goods and services lose value as a result of the constant development of new ones. The depreciation of current items stimulates the creation of new goods and services. More earnings are required for product development. Increased earnings trigger another cycle of rising sales volumes.The inflexible economic logic that dictates that businesses must expand in order to make a profit is what causes their growth issues. The continued development of both new and current items results in supply-side expansion and, as a consequence, in the ongoing devaluation of the former.

From capitalism to creditism, profits

From the perspective of the world's financial markets, there is a third, similarly false source of growth that comes from God. It derives from the economic tenet that capital ought to be productive. But, this is also where the driving forces of traditional capitalism and those of creditism now differ. Profit is generated in capitalist systems by banks investing in potential company concepts in exchange for interest payments. The brick-and-mortar economy's workable business models are hence what make capitalism profitable. This has altered with the emergence of new funding tools and the deregulation of the financial markets for investment banking. Today's gains considerably outweigh those anticipated from funding traditional enterprises, such as those from cut-and-run company dissolutions or derivative trading. The financial industry has been irrevocably altered by this.

In sharp contrast to the circumstance when traditional capitalism achieved its pinnacle in the 20th century, maybe 10 to 20% of all financial transactions under creditism now are related in

some way to the so-called brick-and-mortar industry. Banks are becoming less willing to finance start-ups or existing businesses. For them, participating in credit or security transactions on the financial market or making bets on very sophisticated financial products like derivatives, bonds, swaps, or futures is significantly more lucrative. Due to the leverage effects driving this creditism, a financial capital cloud is hovering over all actual value production activities. Even real value creation, as demonstrated by the continuous increase in the global GDP, is frequently not really real because it willfully ignores its long-term costs, such as those associated with treating the numerous first-world diseases that plague the entire world or replacing outdated nuclear power plants. Nonetheless, they do show up in GDP estimates as positive growth even though they should appear as negative elements on the expense side of the ledger. And because the financial gambling business anticipates its daily profit, the extra money from the cloud explodes and inflates certain values in the actual economy, particularly in the form of share prices or company values, but also in real estate or other comparable assets.

All of this is fantasy without any basis in reality, whether a Van Gogh painting costs 1 million euros or 100 million euros, or if a two-bedroom apartment in Munich Bogenhausen or New York City costs 500,000 euros, 2 million euros, or 10 million euros. Prices and values are only manifestations of the market pressure brought about by free capital seeking to increase its capital and earn a profit. But, even these inflationary markets have their limitations, so individuals are always searching for new lucrative investments, fueling market expansion and economization in all spheres of life. The result is that resource extraction and concentration will continue to spiral out of control.

We must keep in mind: The forces of expansion and concentration are continually speeding the exploitation of resources, which is caused by the economic reasoning of scarcity, competition, and growth. A positive image of growth, a concept of natural growth based on the natural principles of local roots, freedom, small scale, diversity, and value contribution, can replace this negative image of growth without a purpose, sense, or morals. This would result in the continuous enrichment of our natural resources.We can identify the path to tomorrow's competitive advantages if we apply the natural concept of resource generation to businesses. Business models according to the five natural principles provide the foundation for advantages that are long-lastingly sustainable. In the truest meaning of the ethical truth table, they support cycles of resource generation that support future consciousness markets.

Proposition: The awareness economy is the gateway to tomorrow's competitive advantages.

By examining two case studies, the market leader in the United States, Interface, and the New Zealand Firm Icebreaker.In the market for modular flooring in offices and public spaces, Interface Inc. leads the globe. Its carpeting is made of synthetic materials. The material requires vast quantities of energy and oil to produce. Interface unveiled an entirely new approach to its commodities purchasing a few years ago. This goes beyond just introducing environmentally friendly recycling techniques. Moreover, it aims to create locally relevant, resource-producing economic cycles. Interface started the "Net-Works" project with this objective in mind. Ray Andersen, the company's creator, created the long-term plan Mission Zero, which includes the side project Net-Works. All materials required by Interface should come from recycled or renewable sources, according to Mission Zero. As part of this effort, Interface purchased abandoned nets from local fisherman and the general public that, if allowed to drift in the ocean, might cause significant harm. The firm is not only averting ecological harm with its request for abandoned nets to be collected, sold, and then returned into the global supply chain, but it is also giving the nets a second chance at usage. In the future, this might be followed by a third or fourth life when the floor coverings are recycled

once again. The fact that Interface is generating an eco-friendly source of revenue and enriching the local community at the same time is more significant.

Similar outcomes may be seen in the case of Icebreaker New Zealand LTD, an Auckland-based company. The business, which has been around for nearly 15 years, offers specialised sports gear. It only employs merino wool from sheep maintained by neighbourhood herders. Throughout all stages of manufacturing, including dyeing, spinning, weaving, and tailoring, Icebreaker is dedicated to upholding ethical labour practises, health and safety regulations, and sustainability requirements. Each item of clothing has a unique number that enables the user to follow the chain of ownership all the way back to the original flock. Merino wool itself offers several benefits over synthetic materials since used items may be completely biodegraded in addition to being recycled. In order to shape the cycle of its natural resources so that the pool of resources continues expanding, Icebreaker's business strategy seeks to produce sustainable value at all points along the value chain. This demonstrates how the five natural principles are used in Icebreaker's business strategy.

The three monopolistic goals of economic strategy development are therefore directly opposed to resource-creating company models that follow the five natural principles: Cooperative value-adding cycles for comprehensive and substantial value creation replace absolute supremacy over the market, the value chain, and the income stream based on unique product attributes. They serve as a counterbalance to the exploitative economics' short-term profit logics, which oversupply markets with goods and services whose value is often restricted to the substitute experience of meaningless consumption. Resource-creating business models strive to create value-adding participation, or an economy that applies the natural principles to the micro, meso, macro, and supra-levels of the economy, by focusing on enabling, improving, and enriching all links of the value chain. The relationships between businesses and individuals employees, customers, suppliers, and business partner are considered at the micro-level. The relationships between businesses suppliers, clients, or competitors are considered at the meso-level. The relationships between businesses and the larger systems that surround them such as external stakeholders, politics, or society at largeare considered at the macro-level.

Resource-creating business models may operate on the micro, meso, macro, or supra-levels of the economy, as shown by Interface and Icebreaker, as well as the instances of Hilti and the Dialogue Social Enterprise GmbH. The triple bottom line of economic, ecological, and social value creation may also be the emphasis of their value production. This allows businesses the choice to use ingenious niche tactics that they may discover utilising conventional techniques for developing strategies, including SWOT analyses or Porter's Five Forces model. Yet we must always keep in mind that the standard for all such resource-creating business models is the value provided for the larger good, the bigger system. It may be characterised by how well they perform in terms of engagement, networking potential, and indices for diversity, regionality, resource generation potential, degree of regional decoupling, etc.

By examining three other businesses Schamel, the Reutberg brewery, and the mechanical engineers at Trumpf we can observe how these indicators function.Over fifty-five people are employed at Schamel Meerrettich Franconia, which is run by the fifth generation of the family. Schamel established the "Protection Initiative Bavarian Horseradish" to ensure its continued existence. The business has been successful in getting EU certification for Bavarian horseradish with the help of around 100 nearby radish growers. The idea was to preserve the distinctive range of flavour and style found in Bavarian horseradish farming, as well as the smallholder structures that are characteristic of the area. As the price of certified

Bavarian horse radish is almost double that of equivalent products elsewhere in the world market, the whole supply chain profits from this. Schamel received a TOP brand award for its dedication to quality and value development in 2014. A 2007 book on the topic included the business alongside Haribo, Mercedes, Lufthansa, Nivea, Duden, Tempo, Miele, or Persil as one of Germany's "brands of the century." Excellent value creation scores in the areas of regional decoupling, the construction of cycles of value creation, and environmentally friendly manufacturing methods are achieved by the business model and targeted niche strategy of Schamel.

Reutberg, a female monastery next to Bad Tolz, has a long tradition of producing its own beer. As a result, the Klosterbrauerei Reutberg eG was established in 1924 as a cooperative brewery. Their goal was to utilise the cooperative business model to provide inexpensive beer to the nearby farming community. The brewery was on the verge of bankruptcy in the late 1980s after a lengthy history with numerous ups and downs. To assure the future of the brewery, the cooperative's members got together and came up with a funding plan where each member could purchase shares for between 100 and 300 DM, each with one vote regardless of how many shares were owned by a single individual. At every annual meeting, four pints of beer and lunch were given out as dividends. This building's layout was intended to encourage the widest possible distribution of shares throughout the neighbourhood. The shares quickly became quite popular in the area, especially among Munich's students. The payment in kind represented unequalled profits in the financial markets when expressed in monetary terms, totaling more than 30% of the share value. The annual shareholders meeting, which was observed as a ten-day festival, was more significant. The privilege of kicking off Bavaria's beer festival calendar each year now belongs to Reutberg (ending with the Oktoberfest). The cooperative's members also resolved that the maximum number of invited shareholders would be 5,200. Only when an existing member resigns are new members picked from the waiting list. Due to the fact that the members serve as the true brand ambassadors, this "scarcity approach" creates a localised premium presence with little to no requirement for marketing. Reutberg also receives a self-sustaining value cycle from the build that has attained regional decoupling. Even if it emulates the other traditional players in the brewing business in terms of ecological performance, the cooperative performs remarkably in terms of multi-dimensional value generation.

Despite the fact that all of its activities have a worldwide focus, the TRUMPF GmbH + Co. KG, situated in Ditzingen near Stuttgart, is one of the world leaders for tool manufacturing machines, power tools, and laser technology. 2014 saw TRUMPF establish its own bank in an effort to separate itself from the world's financial markets. Offering purchasers of TRUMPF equipment fair financing alternatives is the bank's aim. This has two effects: it gives clients access to sustainable funding even during leaner economic times, and it keeps them as TRUMPF's devoted clients. The company's equitable collaboration networks, in which TRUMPF and its customers have long collaborated on the invention of innovative products that benefit both businesses and the advancement of technology, now include access to capital as just one more link in the chain.

We may use these examples of added value chains as a benchmark to evaluate various business models: A company model will be more sustainable, lucrative, competent, and long-lasting the more levels micro, meso, macroand spheres (economy, society, and environment) it produces value in. The essential components of workable strategies for the competitive advantages of tomorrow are determined by the five natural value creation principles:

Principle: Strategies that are long-term feasible generate value and support cycles of resource generation.

The global ethos ideals and the specific definition of substantive value which goes beyond just making a profit meet in these cycles of resource generation. Its value proposition emerges from the internal logic of the organisation, which is to remain viable for the future by building high-performing teams and business models for substantial wealth generation, rather than from external calls to corporate responsibility. This is really about developing values tactics that last. Companies must realise that their pursuit of self-interest can only be sustained if it leads them to the development of additional value for the larger system surrounding them, given the status of the market and the issues that our present economies face on the meso, macro, and supra-levels of nature and society. Creating such cycles of resource expansion and value-adding involvement serves as the foundation for creating and securing new economic value.

Ethical business strategies

We must coin a new phrase, "ethical business models," to define this economically and ethically sound company strategy. The phrase describes business strategies that provide value in a manner that benefits the whole system as a whole. We refer to them as "ethological" since they are founded on morally responsible behaviour, which means adhering to both ecological development through added value production principles and the global ethos ideals. The logics of ethics, which centre entrepreneurship on the development of holistic value, are called ethicologics; ethicology is the philosophy of a future-proof economy, company, and business management. Building a value-oriented corporate culture, where processes of awareness creation lead to value and added value producing business models, is a prerequisite for developing and executing ethical business models. The goal of ethical practise is to energise economic value creation with holistic resource-creating processes such that it doesn't deplete existing resources but rather replenishes them.

In a humanistic, critically informed tradition that views economic behaviour as constrained by the five natural laws of economic value generation, ethically managed firms are so placed. So, creating an added value culture that is ethically good requires much more than just sharing value, as suggested by Michael Porter and Mark Kramer (Porter/Kramer 2011). It also goes beyond Schumacher's 1973 assertion that "little is lovely" and Leopold Kohr's 1983 appeal for thinking in human dimensions: The key is whether a firm, as a component of a larger whole, offers sustainable value to and helps the broader system. Neither size nor footprint define if a system is viable for the future. This signifies in terms of ethical behaviour: Only those businesses that are dedicated to holistic resource creation (in the truest sense of the word, as natural, social, and individual personal resources) will endure in the awareness economy and the awareness markets of the future; not those that exploit and consume resources by maintaining the economic spiral of growth, concentration, and resource exploitation. Businesses must discover organisational structures and business models that aim to create sustainable added value chains in order to remain successful in the future. Chains of value production that produce more value than they consume are those that are enduringly viable. These value chains nonetheless provide ecological, social, and, not least, economic benefits while being unconnected to the exploitation of global resources. They may be formed similarly to how self-sustaining eco-systems evolve.

CHAPTER 8
A CLASSIFICATION OF ETHICAL BUSINESS MODELS

[1]Dr. Syed Kasim, [2]Kiran Lokesh Maney
[1]Associate Professor, Department of General Managenement, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Associate Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]dr.syed_kasim@cms.ac.in, [2]kiran@cms.ac.in

To comprehend the classification of ethical business models, we may apply traditional competitive analysis. But, we must not use the economic paradigms of scarcity, competition, or dominance to guide our actions. Instead, we must use effect-oriented indices that align with the global ethos values and the five natural value creation principles.The first indicator examines a company model's capacity for participation. Who is a participant in the system and who is not? is the question posed by the participation criteria. This inquiry might be phrased as follows when considering a typical customer relationship: Does the business create its goods with or for its customers? In the first scenario, the clients are not part of the system; rather, they serve as a tool to achieve a certain goal, in this example, creating income and profit for the business. In the latter scenario, the firm creates its goods in collaboration with its clients, making them an integral part of the goal creating value and advantages that are shared within a cooperative network. The same standard may be used to evaluate interactions with vendors, business partners, and any other kind of stakeholder.

The ability of ethical business models to provide value is the second metric we may use to evaluate them. Where, how, and for whom does the business model generate significant value is the crucial consideration here. The ethical truth table and the idea of the triple bottom line assist us in identifying potential winners on the micro-level of the relationship between a company and its customers, the meso-level of the relationship between companies, the macro-level of the relationship with other systems, and the supra-level of the relationship with the environment.

The markers of empowerment, expansion/integration, and enrichment may be used to quantify the value-creating potential in both tangible and ideal terms. This provides us with a management system that, in addition to the corporate culture indicators originally suggested by the values cockpit, also contains indications for ethical performance. The degree of regional decoupling, variety, regionality, resource creation potential, networking/integration potential, participative potential, and many more may be considered.

As a result, we base our assessment of an ethical business model's performance on a vector analysis of how well the firm performs in the regions where it generates resources. In addition to considering the economy, environment, and society as three separate domains, these should take into account the systemic levels (micro, meso, macro, and supra) as well as the extent and strength of regional decoupling. By scope, we imply the amount of distinct components that make up the whole system (people, companies, and other affected parties). Businesses that adhere to the idea of creating ethical values may build comprehensive value chains that support their continued existence. Businesses that continue to use the "same-old" methods of creating value in the past will only hasten the overall collapse and, implicitly, their own destruction.

Future Strategies: A Management Paradigm Change

We can finally see the whole picture when we put all the parts, arguments, case studies, and propositions together: We must develop a new mental model than the one current economic theory has ingrained in us if we are to create enterprises and management that are long-term sustainable. It serves as a counterargument to the fundamental factors driving the current fast-moving spiral of internationally unregulated marketplaces. In our futile endeavours to halt the overuse of our planet's resources, we also need to reject the mental model of contemporary responsibility thinking put out by corporate ethics researchers. If we combine all of this, we can see that there has been a fundamental paradigm change, moving us away from the economics and business management principles of today and towards new ideas like sustainability, accountability, competitiveness, viable management, and strategy creation. This paradigm shift affects how we think about economic theory, markets, and the standards for effective management, how to get a competitive edge, and what constitutes a successful business. The paradigm shifts shed fresh light on the fundamental skills we'll need for the future as well as the characteristics of an economically stable system and management practises.

It helps to review the essential details of our existing method of enterprise and company in order to make sense of these points: The concepts of scarcity, competition, and growth serve as the foundation of our economically induced mental model, which is balanced by liberal markets to increase shared prosperity. Politics simply serves a regulatory role in our markets, preventing the unfettered interplay of market forces from degenerating and damaging global prosperity. Even if the strategy purports to foster cooperative win-win interactions, the economic fundamentals of business strategy are always to attempt to control the market (customers and rivals), the value chain (suppliers and consumers), and the development of product and pricing. In the end, the goal is to preserve the company's exclusive access to its distinctive selling features, competitive advantages, and sources of income. Strategies and tactics are tools for achieving self-serving financial objectives. This encourages competitive thinking, which results in a growth cycle that keeps escalating, a lack of boundaries, pressure on pricing, disruption, concentration, and

We need to search for a new model of long-term company viability under this circumstance. It examines what makes businesses viable in this sense and believes in the micro-logics of individual entrepreneurial activity. The creation of ethical business models for the markets of accountability in the emerging awareness economy is the solution. Working with resource-generation techniques that adhere to the five principles of natural value creation are ethical business models. The goal of ethical business models is to establish spirals of enrichment, as opposed to the numerous business models that exist now, where competition is fueled by scarcity and drives a spiral of decline. By coordinating a broad landscape of value-creating involvement in a spiral of holistic value creation, they foster the expansion that eventually puts an end to the spiral of concentration and resource exploitation.

The concept of ethical business models substitutes the core concepts of ecological theory and CSR thinking with the notions that support a long-term successful company mental model. According to the case studies we have looked at, this can be very effective even in the context of modern, profit-driven economics. The paradigm of value-creating variety and surplus has an impact on the economic paradigms of scarcity, competition, and growth. Particularly, it sustains the mental model of successful enterprise company and economy. The management of scarcity is one of the main forces behind business, and the pursuit of expansion is its outcome, according to the economic mental model. Assumed market liberalism produces wealth, and money produces growth. Every business causes a cycle of resource depletion

because scarcity, competition, and growth are the paradigms that drive competitive thinking. This accelerates concentration and undermines the basic basis of shared wealth.

The notion of natural value creation for tomorrow's markets of responsibility replaces these economic paradigms of scarcity, competition, and development in ethical business models. They mimic nature's creative processes in a counter-spiral of enrichment and empowerment with broad, value-creating involvement to halt the spiral of resource exploitation that today's markets of surplus are plagued with. The players in a subsystem bring significant value to the broader system, and the overall system expands when additional resources are introduced.

The management paradigm of differentiation and the CSR paradigm of corporate triple bottom line responsibility are altered by the paradigms of substantive value and added value. Be different or perish, according to the management differentiation paradigm. It thinks the best way to cope with the constant pressure on profit margins is to implement effective differentiation tactics. The drive of distinction, which is a result of technical development and globalisation, causes the wheels to turn more quickly as businesses race to overwhelm already oversaturated markets with new goods and sense substitutes. The cycle of resource exploitation, concentration, and depreciation never stops. Businesses are held accountable and blamed for the harm that our economic practises are doing to the macro- and supra-levels of society and the environment.

Ethical business models that uphold the concept of substantive value have just one message for those who advocate for responsibility or differentiation: "Be valuable or perish!" Being useful now implies that businesses utilise their goods and services to generate value that goes beyond just financial gain for themselves. This dedication to generating new value results in a process of empowerment that enhances the whole system by enabling involvement that adds value and the formation of new resources. Even players who are far distant from these organisations' immediate value cycles may profit from this enrichment process, and the companies are not encumbered by any externally imposed governance limits or expectations.

Where, for whom, how, and with whose goods and services does my organisation produce substantial value? This is the strategic critical issue asked by the paradigm of substantive value creation.The economic paradigm of competition is altered by the concept of symbiosis. The concept of the contest is the foundation of the paradigm of competition: Even win-win initiatives are seen as using the tools of collaboration for personal gain. In order to challenge the strategic thinking's predominance of rivalry, conflict, and domination, ethical business models provide a new perspective of collaboration. They are aware that due to processes like resource extraction, concentration, and depreciation, the only businesses that will endure in the long term will be those that establish decoupled value cycles that provide fresh resources for their own operations as well as those of the systems around them.

The paradigm of symbiosis poses the following strategic important question: Where, how, with what tools, and with whom can my organisation join symbiosis to produce value that sustains, enhances, and permits participation in the entire system?.

The economic competitiveness paradigm is altered by the paradigm of enrichment. The economic paradigm of competition is based on a conception of differentiation and competition, an almost militaristic representation of the advantages of exclusive capabilities, methods, and strategies for differentiating and being distinctive in a manner that increases profits. Figuratorially, it refers to diverting the common river such that it only runs to one's own mills. The ability to pool resources for one's own special status in the market is what gives one the biggest competitive edge over rivals, not the ability to create better goods and services, have a more powerful brand, or have more enduring customer relationships.

Ethical business models substitute a participatory model that turns the individuals who are touched by it into persons active in it for this self-interested approach of exchanging benefits. Goods and services are produced in genuine collaboration with suppliers and consumers who are themselves active participants in the value creation process, not for or by people or businesses excluded from the value chain. Enabling, enhancing, integrating, and enriching are the key words here. Every component of the entire system is given power in accordance with their function, and generating value for others serves as the foundation for generating value for oneself. Hence, the paradigm of enrichment substitutes methods of inclusion for competitive techniques of exclusion and distinction.

The economic paradigm of core competencies is impacted by the paradigm of awareness generation. Every company's core competencies are regarded as its family silver. They shouldn't be too readily apparent, (easily) reproducible, or able to be purchased and sold on the open market in order to serve as a source of long-term competitive advantages. The foundation of competitive thinking, which is motivated by scarcity, differentiation, exclusion, and the vested interest in profit, is the development of these competencies.The paradigm of inclusive core competencies is opposed by the paradigm of awareness generation. It claims that in order to succeed in the responsibility markets of the future, business models must prioritise coordinating mechanisms for arranging exchange, value cycles, and resource generation. This entails building a corporate culture where empowerment, real value, collaboration, communication, and integration serve as the primary sources of social capital and high-performing teams that can maintain business models that generate real value. This new understanding is the result of realising that nothing can be replicated when everything is obvious. In the awareness economy of the future, replicating such an awareness-raising culture only helps to further the process of raising consciousness and producing resources.

The paradigm of the awareness economy has an impact on the commercial paradigms of company strategy as well as the economic paradigms of value and wealth creation.Liberal competition in the organisation (allocation) of limited resources results in society achievement, i.e., development, progress, and shared prosperity, according to economic paradigms of value creation and wealth. This wealth, measured in terms of gross domestic products, is the result of corporate success (earnings), and as businesses must compete to exist, they are compelled to create better goods and services on better terms. The difficult reasoning behind the economic paradigms of strategy formulation is as follows: Only businesses that use and organise their resources, structures, offerings, and personnel in such a manner as to be able to react to changing conditions quicker, more effectively, and better than their rivals can succeed in the marketplace. This kind of firm feeds the escalating spiral that is resulting in the gradual economization of more and more of our lives, as all businesses attempt to do. Although participation and diversity, as well as the world's resources, are under attack on many fronts, today's global economic processes fuel a cycle of development that concentrates disproportionate wealth in the hands of fewer and fewer actors (individuals and businesses). The process of creating value and money is in danger of imploding.

The awareness economy paradigm promotes the notion of ethical business models to halt these spirals of resource exploitation, consolidation, and depletion by launching value-creation cycles based on the five principles of natural growth. The awareness economy measures really holistic resource production and wealth using additional metrics, such as the happiness index, rather than only economic ones. With its concentration on the velocity of change, it also alters the paradigm of strategy development. Effective methods in the awareness economy are more concerned with the effects of the changes than the changes themselves.

The strategic emphasis is intensified:

Instead of reactively responding to symptoms, such as the need for change in ever-faster cycles in today's supercharged global markets, we should proactively anticipate the effects of the underlying causes. By looking behind the scenes of the change phenomenon, sustainably viable strategic thinking aims to understand how we might create business models that will make a firm sustainably viable. Disruptive tactics are transformed into decoupling strategies that structure possibilities for value-creating engagement as the foundation of long-term sustainability.

The paradigm of the awareness economy's strategic important question is: The economic growth paradigm and the CSR sustainability paradigm are being replaced by the paradigm of resource creation. The pressure on pricing brought on by competition, which impacts all goods and services, and the pressure of capital, or the need that all capital investments provide a profit, are the sources of the economic paradigm of growth. Both growth impulses contribute to the depletion of our planet's abundant resources as they are accelerated and concentrated by the dynamics of technological development in markets with no geographic boundaries. The concept of sustainability then results from the understanding that, if we continue in this direction, we are essentially biting the hand that feeds us.

The issue with the economic paradigm of growth is that it cannot be contained inside the existing mental model of economic reasoning, that is, growth is now believed to be the prerequisite for value creation and increased wealth. This way of thinking sees development and optimism as two sides of the same coin, a coin that is most valuable when creative destruction results in the creation of a new thing that arouses consumer desire. The paradigm of expansion continues to fuel the current surplus, driving up prices and compelling us to abuse the same resources we rely on.

The sustainability paradigm's obsession with the past or the present is its fundamental flaw. A certain condition merits being kept as it is or was in the past. Due to the little process adjustments that result, contemporary sustainability programmes are very expensive in terms of transaction costs. Consider a boat: It requires frequent, intricate course adjustments if it is to be held in position on a rushing river. Also, the more precisely a system must be handled, the more difficult it is. Dynamic change is seen as a disruptive force that has to be countered rather than as the engine driving development.

The paradigm of resource creation holds the paradigms of growth and sustainability as well as the five universal principles of value creation to account. Our straightforward ideas of sustainability are not followed by nature and its ecological processes. The overall impression is one of nearly overwhelming wealth. The resources of the whole are always being added to through feedback loops of value production, which is what keeps this natural plenty in flux. These natural systems have self-coordinating mechanisms in place to do this, which maintain system stability by allowing the system to develop using its innate, highly dynamic evolutionary capacities. Subsystems are eliminated if their contributions are smaller than their subtractions from the system. The system continues to enrich itself by gradually differentiating within each of its many symbiotic sub-systems. The stability of these systems and the ongoing modification initiatives required to keep them functional are a direct result of their complexity. The entire system becomes more stable and adaptable and less expensive to alter and change the more complex, small-scale, and diversified it is. Since the small-scale sub-systems on the ground are able to maintain their transformation, the system as a whole persists. Growth thus results in self-sustaining enrichment of the larger total rather than concentration and resource exploitation.

The corporate social responsibility (CSR) paradigm is replaced by the paradigm of the micro-logics of entrepreneurial activity.The CSR paradigm of responsibility holds businesses responsible from the meso, macro, and supra-level perspectives from the outside-in. According to it, businesses must take into account the implications of the present economic system, particularly the negative social, societal, and environmental effects of the perpetual cycles of depreciation, concentration, and exploitation. As a result of the self-referential character of modern economic mental models, which provide businesses a new justification for what constitutes accountability, these appeals for duty all too often go unheeded: Companies hold themselves responsible for their own welfare and the immediate effects of their actions, not for effects that are out of their immediate control, such as harm brought on by the general dynamics of our economic practises, which are effects that are not immediately attributable to a specific company.

Such an external imposition of duty would be actively turned inward and turned into an asset in the search of competitive advantages according to the paradigm of the micro-logics of entrepreneurial activity. These benefits are attained via ethical business models that decouple cycles of value generation and transform those who are impacted into participants in creating the framework for long-term existence by safeguarding the environment. Its micro-logic is designed for survival. It requires a higher-level strategic viewpoint than conventional strategic ideas, which it achieves by making the consequences and the underlying causes of change the strategic foundation for all of its considerations. They develop the cooperative, value-creating, and resource-creation methods that keep the enterprise afloat. The micro-logic suggests a brand-new kind of company, where the forerunners of ethical business models become the pioneers of a brand-new economy of awareness. Their future competitive advantage is guided by the value strategies of decoupling resource production and value creation.

The economic "survival of the fittest" concept is impacted by the decoupling paradigm. The competitive mindset, which holds that increasing flexibility and adaptability are essential for commercial success in quickly changing marketplaces, is where the economic paradigm of "survival of the fittest" originates. In simple stimulus-response words, this implies that businesses must react as soon as possible and, preferably, "up front" to any changes that may be in the works. "Up front" in this context refers to reacting to processes of acceleration and processes of concentration with even greater size and scale and flexibility. Most businesses choose similar strategies when faced with comparable developments; in the best case scenario, they attempt to dominate whole markets with disruptive business models. This swarm response results in greater dramatic responses in times of quicker and faster change, fueling cycles of resource depletion, concentration, and devaluation once again and flooding already oversaturated markets with sense substitutes and meaningless goods.

The decoupling paradigm uses the idea of enterprise and regionally separated enrichment to try to halt this spiralling upward. It recognises that collective swarm stupidity and the unbridled dynamics of disruptive markets are realities but also that we can, in fact, "learn from the birds": the only businesses that stand a chance of surviving are those that organise value-creating participation systems in ways that promote the holistic enrichment of natural and human resources and, in doing so, add to, rather than detract from, the basis of their own existence.

The economic paradigm of value creation and the associated ideas of shareholder and stakeholder value are both impacted by the paradigm of value-creating participation. According to the economic concept of value creation, businesses want to become more competitive. A solid profit is only guaranteed through competition. To meet the needs of

shareholders and other stakeholders, in particular, a healthy profit is required. Stakeholders will withdraw the enterprise's lifeblood, or the money required to do operations, if their expectations are not met. Profit, in this perspective, results from increased competition, which is supported by enduring competitive advantages that are, in turn, maintained by the core competencies that make the firm stand out from the competition. But, the mental models that underlie this profit-obsessed competitive thinking encourage conduct that is only motivated by the concepts of scarcity, competition, and growth. All businesses behaving in this way result in a vicious cycle of concentration, devaluation, and exploitation.

This way of thinking is transformed by the value-creating participation paradigm. It recognises that each act of value creation is just a result of prior value creation, which it defines as the process of producing awareness. The mental model of economics holds that value creation promotes self-interested tactics, with the all too predictable results, since it is seen as a competition-driven concern with profit. The mental model of ethical business, in contrast, draws on additional ideals. It claims that the only kind of value creation that is sustainable is ethical value creation. Its goal is to create awareness resources that may equip high-performance teams with the tools they need to maintain self-sustaining resource cycles. This is holistic value generated to make the firm as a whole significantly beneficial for the systems surrounding it rather than the pure profit-driven value created to fulfil the expectations of shareholders and stakeholders. One manifestation of such comprehensive value creation is meeting the needs of shareholders and stakeholders. In a way, the paradigm of value-creating participation strives for dual resilience: making the company sustainable while maintaining its environment. At its root, empowerment is a key idea.

Performance will be rewarded, according to the performance economic paradigm. In this perspective, "performance" is the starting point of success, with success being defined as the generation of income. When seen in terms of input-output, economic success is the result of improving qualitative performance, which aims to provide the highest returns with the least amount of investment. In light of this, the economic paradigm of performance appears to rely on two levers for greater performance: a qualitative lever of effectiveness, particularly in the form of disruptive business models that enable an exponential performance boost by toppling established structures and positioning a new actor at the very top of the pyramid; and a quantitative lever of efficiency and efficiencies, such as the reduction of process or transaction costs. UBER is a good example to use: It gains from independent contractors undercutting the conventional taxicab industry and underpaying the competent taxi drivers they are driving out of business. UBER gains more when conventional taxis are under greater pressure, but not at the expense of the service providers themselves, who do not gain long-term financial stability. The process of creating value is reversed when an increasing amount of money from the many people who supply taxi services is concentrated in the hands of a small number of people. From the perspective of the driver, the quantitative depreciation of taxi services results in a qualitative evaluation of the effectiveness of UBER's innovative business strategy. Such business concepts are what Silicon Valley loves to refer to as "unicorns," rare creatures that reach billion-dollar valuations shortly after becoming start-ups. UBER, however, and other instances have two results: They also divorce economic capability—that is, earning potential—from actual services provided on the ground, which is more significant from the perspective of the performance paradigm. Together, these factors feed the cycle of concentration, depreciation, and acceleration. The end user of UBER receives nearly the same service as they would from any taxi company, but the service providers are divided into two groups: the fortunate few who enjoy the fruits of their brilliant business venture, and the many who "slave in the kitchen" and only receive scraps from the rich man's table. The top performer is the one who maximises the performance of others,

according to the qualitative component of the economic performance paradigm. The paradigm once again fuels the vicious cycle of self-interest, acceleration, disruption, concentration, and resource exploitation as a component of the economic mental model.

The economic paradigm of competence is balanced out by the paradigm of empowerment since sustainable economic value generation is increasingly dependent on business models that support enrichment processes. In order to build awareness resources, the company needs a corporate culture that sees the organisation as an actor in decoupling value cycles. To put it more precisely, this entails approaching both internal and external stakeholders in accordance with these twelve paradigms of ethical entrepreneurship. Its objective and purpose is to fully empower all participants in the different process, action, or consumption chains so that they may become active participants in a continually self-enriching and growing process of value creation. The empowerment paradigm forces us to ask: Where, how, and at which links in the value chain or where in the systems surrounding us are there individuals or organisations that can be empowered to become an active part of the formation of substantive value? This question follows the notion of creating value for the other. It is built, like the other paradigms of ethical entrepreneurship, on the understanding that producing value is only a function of establishing values and that sustainable business practises are essential for maintaining a competitive advantage in emerging markets. A corporation's values influence more than only how the organisation can operate inside the framework. They also have an impact on our markets' trends and the direction of our economy as a whole, outside of and across systems.

According to a strict definition, strategy is "the art of the general" (from the Greek stratos, which means "field, stretched out as in "structure," and agos, which means "leader"). The phrase initially entered common use at the end of the 18th century and referred to a general's attempts to fool an adversary, preparations established for a campaign, and the movement and deployment of his troops during combat. Was also the first to draw attention to the fact that a war strategy was a tool for enforcing law rather than a goal in and of itself? A strategy is a collection of important choices taken to accomplish goals. A business organization's strategy is a detailed master plan outlining how the corporation will accomplish its purpose and goals.

A complicated network of ideas, insights, objectives, experiences, memories, perceptions, and expectations is referred to as a universal strategy. It offers broad direction for individual activities taken in pursuit of particular purposes. Countries have found it important to develop strategies that adapt and connect political, economic, technical, and psychological aspects, along with military elements, in order to govern their national policies. It gives us the preferred route we should follow for the trip that we actually take, whether it be managing national policies, international relations, or simply a game on the playing field.

Maintaining Speed in a Shifting Environment

Because of how dynamic and quickly things are changing in the current world, operating a modern company firm is highly challenging. The business corporations are under a lot of stress due to uncertainties, risks, and limits and are looking for strategies to ensure their long-term existence. The best course of action in these situations is to make the most of strategic management, which may assist corporate management in exploring potential opportunities while also maximising efficiency by reducing anticipated dangers.

Reduces Competitive Disparity

It increases competitive advantage while decreasing competitive disadvantage. For instance, a firm like Hindustan Lever Ltd. decided that entering the retail industry would help it earn significant profits rather than just combining with businesses like Lakme, Milk Food, Ponds, Brooke Bond, Lipton, etc. that produce fast moving consumer products. Then came the retail

behemoth "Margin Free," which dominates the market in places like Kerala. The R.P. Goenka Group and the Muruguppa Group also came to the realisation that repositioning their goods and reengineering their brands was necessary rather than just taking over an existing company. The plan was successful.

Clear Strategic Vision and Sharper Objectives and Objective Focus

Since strategy relates to the means by which a certain goal will be accomplished, every company engaged in industry competition has a strategy. It is the foundation for the creation of a business firm, and it is a fundamental requirement for a firm to survive and sustain itself in today's changing environment by providing vision and encouraging the definition of mission. "Strategy" defines what we want to achieve and charts our course in the market.

Inspiring Workers

It should be noted that only in an organisation that employs strategic management can one anticipate labour efficiency and loyalty to management. Every employee receives instructions on what to do, when to do it, how to do it, by whom, etc. They become more certain as a result and are free to carry out their duties without any doubt. The outcomes of broad-based policies made by the strategic management include labour efficiency and loyalty, which lead to industrial peace and favourable returns.

Building Decision-Making Capacity

The first stage in strategic management is to determine the goals of the company concern. So, a company run according to the fundamentals of strategic management would experience smooth sailing as a result of wise decision-making. The need of strategic management is shown by this.

A Time- and Cost-Saving Method of Implementing Results-Oriented Activities

Employees at all levels and in all functional areas may clearly comprehend the goal, objectives, and standards of performance thanks to strategy. So, it facilitates implementation and allows for optimum synchronicity and harmony. As a consequence, the desired outcomes are attained more effectively and inexpensively.

Enhanced Knowledge of Business's Internal and External Environments

The creation of a strategy requires ongoing observation, comprehension, and classification of environmental factors as opportunities and risks. Moreover, it entails being aware of the seriousness and marginality of potential risks and possibilities. As a result, strategy allows for a better comprehension of the surroundings.

Several Strategies

Corporate Policy

This explains how a corporation manages its business and product lines in order to expand overall. They include retrenchment, expansion, and stability. As an example, Coco Cola Inc. has adopted the expansion strategy via acquisition. It has purchased neighbourhood bottling facilities to take the lead in the industry. Business Planning usually takes place at the business unit or product level, focusing on the enhancement of a company's goods or services competitive position in an industry or market sector covered by that business unit. Corporate strategy covers the topic of business strategy. Apple Computers, for instance, stresses new products with creative design as part of their differentiated competitive strategy.

Functional Approach

By optimising resource productivity, a functional area adopts this strategy to accomplish

corporate and business unit goals and plans. It focuses on creating and fostering a unique competency to provide the company a competitive edge.

Operation Methodology

They focus on how an organization's constituent elements successfully implement the corporate, business, and functional-level strategies in terms of resources, procedures, and people. They create recurring short-term goals for achievement at the departmental level.

Developing a Plan

Businesses and strategists both develop their plans in unique ways. Under severe circumstances, the Chairman or Managing Director is the sole one who develops the plan. Nevertheless, it is a group or team activity that involves important individuals and all functional leaders in organisations with participatory management styles.

CHAPTER 9
METHODS FOR CREATING A STRATEGY

[1]Dr. Vinayak Anil Bhat, [2]Shruthi K Bekal
[1]Assistant Professor, Department of Organiztional Behaviour and Human Resource, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Assistant Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]vinayak_ab@cms.ac.in, [2]shruthi_b2015@cms.ac.in

The owner or CEO takes on the roles of chief strategist and chief entrepreneur, hand-crafting the majority or all of the key components of strategy. This does not imply that one individual is solely responsible for the background research, data collection, and analysis that went into the final strategy; rather, there may have been extensive brainstorming with subordinates and in-depth study by certain departments. Companies formed by the current CEO often use the chief architect method to developing their strategies. Some well-known examples of business CEOs who actively shape their companies' strategies are Michael Dell at Dell Computer, Steve Case at America Online, Bill Gates at Microsoft, and Howard Schultz at Starbucks. Delegation strategy: Here, the manager in charge assigns significant portions of the strategy-making work to dependable subordinates, lower-level managers in charge of important business units and departments, a high-level task force of knowledgeable and talented individuals from many parts of the company, self-directed work teams with authority over a particular process or function, or, more infrequently, a team of consultants hired specifically to assist in developing new strategic initiatives.

The Collaborative or Team Approach is a medium method in which a manager charged with formulating strategy enlists the assistance and counsel of significant peers and subordinates in order to build a consensus plan of action. Line and staff managers from various departments and specialties, a few specially chosen interns recognised for their capacity to think creatively, and near-retirement veterans acknowledged for being astute observers, saying it like it is, and offering wise counsel are often included on strategy teams. 2,500 of Electronic Data Systems' 55,000 workers participated in a year-long strategy assessment that was organised by a core group of 150 managers and staff members from throughout the globe. 250 employees of Nokia Group, a leader in wireless telecommunications with headquarters in Finland, participated in a review of the company's strategy to determine how the business would be impacted by the convergence of various communications technologies and what strategic responses would be required. Using a corporate entrepreneur strategy: Top management supports suggestions for new product lines and commercial initiatives by encouraging people and teams to create them. This is known as the corporate entrepreneur method. By allowing them to test out company concepts and develop fresh strategic initiatives, the goal is to unleash the skills and energy of prospective corporate entrepreneurs. Executives make decisions on whether projects should be supported, provide business owners with the necessary organisational and financial assistance, and allow them take the initiative.

As a continuous process

Corporate strategy is an ongoing activity that affects all areas of a diverse company's operations. It is a cross-boundary planning activity that takes into account every component

of a firm's micro and macro settings. The following are the main steps in creating and carrying out a company strategy.

Examining and establishing the company's vision in a vision statement. Creating a mission statement for the business that includes a methodology statement for accomplishing the goals, purposes, and organisational philosophy appropriately articulated in the vision statement. Defining a business profile that examines an organization's internal culture, strengths, and skills doing an examination of the external environment to find hazards, possibilities, etc. Companies need to be strategic thinkers in today's worldwide economy, and the only way they can become strategically competitive is by developing sound corporate plans. A corporate organization's strategy is a thorough master plan outlining how it will accomplish its goals and purpose. Due to its universality, strategy is important. It reduces competitive disadvantage by forcing organisations to think clearly about their purpose, vision, and goals. It also helps corporations stay up with rapidly changing environments. It boosts decision-making and increases staff motivation. It serves as the foundation for carrying out activities. According to hierarchy, there are four layers of strategy: corporate, strategic business, functional, and operational. The ways to strategy formulation are: the Chief Architect approach, the delegation approach, the collaborator or team approach and the corporate entrepreneur approach. Defining vision, purpose, and goals, comparing the company and environment to determine appropriate actions and objectives, and implementing a review system are all part of the continual process of developing a strategy.

Strategic Management Process

Strategy formulation is the creation of long-range strategies for the successful management of environmental opportunities and threats, in light of business strengths and limitations. It comprises establishing the business purpose, identifying attainable goals, formulating strategies and setting policy standards.

Strategy Implementation is the process through which plans and polices are put into effect via the establishment of programmes, budgets and processes. This process could entail modifications within the general cul- ture, structure, and/or management system of the whole company. Most of the times strategy implementation is carried out by middle and lower level managers with top management’s assessment. At times refer- eed to as operational planning, strategy implementation sometimes entails day-to-day choices on resource allocation. It contains programmes, budg- ets and processes.

Evaluation and control is the process in which corporate operations and performance outcomes are monitored so that actual performance may be contrasted with intended performance. Managers at all levels utilise the re- sulting information to take corrective action and fix issues. Al- though assessment and control is the last significant aspect of strategic management, it also may uncover shortcomings in previously executed strategic plans and so motivate the whole process to begin again.

A strategist's role

The development, application, and assessment of strategy are the primary responsibilities of strategists, who may be either people or organisations. All managers are strategists in a limited sense. People from outside the company are also active in several facets of strategic management. They are also known as strategists. There are nine strategists that we can name that are involved in strategic management, either individually or in groups.

Executive supporter

This is a basic explanation of how the various strategists approach the process.

Consultants: For reasons such as small size, infrequent need, budgetary restraints, and others, many firms that do not have a corporate planning department rely on outside consultants for strategic management. A.F. Ferguson, S.B. Billimoria, and several more Indian consulting businesses are being joined by a large number of international consulting firms. They provide

A wide range of services

McKinsey and Company, Andreson Consulting, Boston Consulting, and KPMG are consulting firms with expertise in fundamental change management, strategic visioning, corporate restructuring, and information technology and systems. Peat Marwick specialises in feasibility studies and strategic financial management that is feasible.

Promoters who come up with the concept to launch a company venture in order to maximise their return on investment are called entrepreneurs. They are hoping for a shift in the climate and an opportunity to take advantage of the circumstance for their own benefit. As a result, they begin to play their part as soon as the prospective endeavour is promoted. So, in a new company operation, their strategic significance in making the endeavour successful is extremely obvious. As a result, it is required of an entrepreneur to have vision, a feeling of responsibility, the drive to work hard, and a brisk attitude to handle any unforeseen circumstances. The entrepreneur "constantly hunts for change, reacts to it, and utilises it as an opportunity," according to Drucker. This is an example of a successful female entrepreneur.

A young businessperson named Kiran Mazumdar Shaw established an export-focused facility where a variety of enzymes are produced. Mazumdur, a specialist in brewing technology, transitioned into the area of biotechnology after having trouble finding employment. Subsequently, she established a second factory to produce two novel enzymes developed by her own research and development (R&D) team. In her capacity as managing director, Mazumdar took a hands-on approach to creating and implementing policies for her enterprises.

According to the norms and regulations of the Companies Act, 1956, the shareholders of the firm elect experts to serve on the Board of Directors (BOD). They are in charge of the organization's overall management. They are meant to assist senior management in formulating corporate strategies to achieve predetermined goals. The Board must analyse organisational performance and determine if it is in line with the established plan or not. Senior executive appointments may also be made by the Board. In this regard, it should be highlighted that the relative influence possessed by the Board and the Chief Executive relies heavily on the success of plans (CE).

Chief Executive Officer: After the Board of Directors, the chief executive is the highest figure in the management hierarchy. He holds the most delicate position and is accountable for every facet of strategic management, from strategy creation through assessment. He is designated as the managing director, executive director, or general manager in various businesses. Despite his title, he is regarded as the most crucial strategist and is in charge of playing a significant part in strategic decision-making.

Senior Leadership: These managers are active in all facets of strategic management, from the chief executive to the level of functional or profit-center leaders. On a rotating basis, several top management personnel serve as directors on the board. These are all members of several top-level committees the board established to handle issues of strategic relevance and other policy concerns. Senior managers who make up executive committees are in charge of carrying out goals and strategies as well as conducting regular performance reviews.

Senior management knowledge was used in MRF Ltd.'s strategic planning by segmenting it into five groups: goods and markets, environment, technology, resources, and labour. A

leader was assigned to each group who assisted in the creation of position papers to be presented to the board. The company's executive directors actively participated in the SWOT analysis with the assistance of managers and assistant managers.

SBU level executives: Strategic business unit is abbreviated as "SBU." This strategy allows each autonomous unit inside the main business unit to have its own unique set of plans. The fact that the company is diverse means that the department heads should serve as the primary strategists, looking out for the best interests of their particular departments. So, in their strategic business divisions, departmental heads who are also strategists have the most power and responsibility.

The strategic planning system of Shriram Fibres included a variety of enterprises, from making nylon yarn to offering financial services. Both at the corporate level and the level of each SBU, strategic plans were developed. The corporate planning division at the corporate headquarters oversaw the coordination of the SBU-level strategic planning process. There was a strategic planning cell for each SBU.

Staff members that work in corporate planning assist with strategic management. It supports management in all facets of strategy modelling, execution, and assessment. In addition, they are in charge of performing specialised studies and research related to strategic management as well as the formulation and distribution of strategic plans. It's crucial to remember that the corporate planning division is not in charge of strategic management and often doesn't start the process on its own. It performs its duties of aiding with the implementation, operation, and maintenance of the strategic management system by providing administrative assistance.

Middle-level supervisors: They serve primarily as operational planners; at best, they may act as "sounding boards" for departmental plans, execute the aforementioned choices, adhere to the rules of policy, and passively take in information regarding functional strategic plans. Middle-level managers are seldom used for any other task in strategic management since they are primarily engaged in the execution of functional plans.

Executive Assistant: A person who assists the chief executive in carrying out his responsibilities in a variety of ways is known as an executive assistant. These could include helping with data collection and analysis for the chief executive, recommending alternatives when decisions are needed, creating briefs for various proposals, projects, and reports, assisting with public relations and liaison duties, coordinating activities with both internal staff and external parties, and serving as a filter for information from various sources. The corporate planner position might be the most crucial and what one management refers to as the "bread and butter duty" of an executive assistant (EA).

Entrepreneurial Modes of Strategic Decision-Making

One influential person with entrepreneurial skills like invention and taking risks creates strategy. The opportunities are the main topic. Issues are incidental. Typically, the founder is the business owner, and the strategy is determined by that person's personal sense of direction and is shown by audacious choices. An example of this kind of strategic decision-making is Kiran Mazumdur Shaw's Biocon India, which has had success.

Adjustable Mode

This kind of decision-making, sometimes known as "muddling through," is defined by the use of reactive rather than proactive approaches to solve current issues. Regarding aims and goals, there is a lot of negotiation. The development of strategy is fragmented and geared on advancing the firm gradually. Most universities, several large hospitals, and numerous governmental organisations operate in this style.

Arrangement Mode

This approach of decision-making includes the methodical collection of pertinent data for situation analysis, the creation of workable alternative strategies, and the logical selection of the best option. It encompasses both the proactive search for fresh possibilities and the reactive response to current issues. HP is a prime example of a planning mode company. Management saw that the firm needs to cease seeing itself as a collection of stand-alone products with a strong emphasis on instrumentation and computer hardware after carefully examining developments in the computer and communications sectors. The management of the firm, under the direction of its new CEO Carly Florina, believed that the business needed to transform into a supplier of integrated information appliances, highly dependable IT infrastructure, and electronic commerce services that was focused on the needs of its customers. Later, Quinn introduced a fourth "logical incrementalism" option.

Incrementalism in logic

In this method, senior management first creates a very distinct vision of the organization's purpose and goals. So, rather of formulating overall plans at the global level, it decides to adopt "an interactive process in which the organisation explores the future, experiments, and learns through a succession of partial (incremental) commitments." As a result, the approach is let to develop via discussion, testing, and debate. This strategy seems helpful when

Indian strategic management

Strategic management has been more important since India's 1991 announcement of economic liberalisation. In reality, it has been a key focus issue since the WTO meeting in Hong Kong in December 2005 environmental developments that have boosted strategic management's importance. Organizations are demonstrating some new activities that are outlined below in order to make strategic management successful in light of this.

Business prospects have greatly risen as a result of the elimination of public sector monopolies or domination in a variety of areas. Strategic management is much more important in these industries since many of them are high-tech and involve significant investment. Delicensing has eliminated a consumption barrier, which in turn has increased demand, in addition to a significant entrance and expansion barrier. Several commodities were unavailable or had restricted availability in the past due to lack of manufacture, limited production, and import limitations (in terms of quantity and/or variety). Large businesses now have a plethora of new business prospects thanks to the elimination of the majority of the MRTP Act's limitations on entrance, expansion, and mergers and acquisitions (M&As), as well as the dereservation and delicensing of the aforementioned sectors.

Companies have the chance to improve their capabilities in order to take advantage of possibilities presented by the liberalisation of policy towards foreign capital and technology, imports, and access to international capital markets.

The relevance of international markets and strategic management is rising as a result of factors like as globalisation, developing overseas markets, increased competition in India, changing regulatory environments, etc. The scope of strategic management is expanded when public sector organisations are given greater autonomy, as was the case with the navarathnas.

Leaders in the Indian Economy

Creating an organisation that learns

Strategic adaptability necessitates a sustained commitment to the growth and care of vital resources. A learning organisation is one that is adept in producing, acquiring, and

disseminating knowledge as well as changing its behaviour to take into account fresh information and insights. The ability to compete in a changing environment requires organisational learning. Innovation and the creation of new products rely heavily on it. Hewlett-Packard, for instance, employs a vast informal network of committees to facilitate information sharing across its cross-functional teams and to hasten the dissemination of new knowledge sources.

Implementing TQM

The goal of strategic management is to outperform the competition. Total quality Management (TQM) is an organisational concept that seeks to increase operational effectiveness across the board in order to maximise customer satisfaction. It is a start to finish procedure that methodically incorporates the organization's strategy into every function activity. In 1970 alone, the majority of Japanese businesses began using TQM techniques. TQM engages the company in continuous improvement to remain tuned-in to changes in customers' demands by measuring customers' needs, measuring and evaluating customer satisfaction supplied by the product or service, and measuring and evaluating customer satisfaction. A corporation that has implemented TQM must include it into every stage of strategic management.

TQM and Environmental Analysis

An organisation using TQM integrates the demands of the external customer (everyone who purchases the company's goods or services) with its numerous operations via environmental analysis.

TQM and organisational decision-making

By incorporating the quality philosophies into the corporate purpose, TQM impacts the path of the company. In fact, the missions of many companies place a strong emphasis on the need for quality and ongoing improvement to guide all organisational decisions.

TQM and strategy formulation

Since organisational objectives and directions are clearly defined, and because TQM promotes a culture of quality in both work and relationships, it greatly facilitates the execution of strategies.

Strategic Control and TQM Systems developed under TQM, as well as the positive shift in company culture, increase the effectiveness of strategic control. Benchmarking aids in effective control as well.

Adaptation of information technology

Businesses were operating profitably without the Internet or websites up until the middle of 1989. Nowadays, brick and mortar stores are complemented by online and virtual purchasing. Amazon.com, which does not engage in any physical and store selling, has achieved considerable success. Now, their sole source of revenue is internet commerce. After acquiring bazee.com, space providers like e-bay.com are growing in popularity in India. Today's CEOs are electronic professionals who are unable to function without the World Wide Web.

Operation globalisation

For instance, Nike and Reebok produce its sports shoes in several nations throughout Asia for sale on every continent. Large firms are increasingly using matrix systems, where product divisions are interconnected with country or regional units, rather than employing one worldwide division to oversee everything outside of the home country. Foreign assignments

are increasingly seen as essential for anybody hoping to advance to the top management. Strategic management is a crucial tool for monitoring global changes and positioning the business for a sustained competitive edge as more sectors become global.

While it varies from individuals to companies, planning is a way of life for organisations. It has a futuristic, goal-oriented, and decision-oriented style. The gap between where we are and where we aspire to go is filled through planning. It entails the process of determining a strategic direction, picking missions and objectives, and choosing how to reach those goals.

Creating Organizational Direction Process

Evaluating the outcomes of an environmental investigation, deciding on a suitable corporate purpose, and choosing suitable organisational goals. To bolster their argument, Hamel and Prahlad provide a number of instances of multinational corporations, practically all of which had American or Japanese roots. In reality, the idea of strategic purpose seems to have been put out by them to explain the lead gained by Japanese corporations over their American and European competitors, as is clear from their ground-breaking essay, published in 1989 in the Harvard Business Review.

The late Dhirubai Ambani's Reliance group is an Indian example of a company with strategic internet, with the strategic aim of becoming the world's lowest cost manufacturer of polyester goods, a position attained by vertical integration and operational performance. The goal of Indian hardware giant HCL to become a world leader in software and services Putting hardware, software, and networking together with the goal of making it work is what the firm is aiming towards strategically. Employees at Procter & Gamble (P&G) take part in a programme the CEO refers to as "fighting training." The goal of the initiative is to highlight areas P&G can outperform the competitors.

Mission or Objective

A business is not defined by its name or articles of formation. It's defined by the company's purpose. It is only feasible to set clear and practical business goals when the organization's mission and purpose are clearly defined. The length, substance, manner, and specificity of mission statements might vary. The majority of strategic management practitioners and academics agree that a successful statement demonstrates nine qualities or elements. A mission statement must have each of these crucial elements since it is often the most noticeable and well known aspect of the strategic-management process:

It is a mistake to manage companies by concentrating largely on one and only one purpose, according to Peter Drucker, who is perhaps the most important business author of the contemporary era. Drucker believes that businesses should pursue several goals rather than a single one. There should be enough goals specified so that all crucial areas for the business's functioning are addressed. Organizational goals should often be developed in eight important areas:

An organization's position in the market, as measured by how it compares to its rivals

Innovation: Any improvement to how a company does business

Productivity is the ratio of the amount of products or services produced by a company to the resources required in that operation. Organizations are considered to be more "productive" if they use less resources to generate a certain volume of goods than organisations that use more resources to produce the same volume. Resource levels: The proportions of different resources, like as inventory, equipment, and cash that a company has on hand. The majority of organisations should create goals outlining the proportional holdings of each of these assets.

Profitability: The capacity of an organisation to create income that exceeds its cost of revenue generation. Typical organisational goals describe the amount of profitability the organisation aspires to. Managerial performance and growth: The standard of management performance and the pace of managers' personal growth. Emphasizing both areas by setting and working towards corresponding organisational goals is crucial since both of these are essential to the long-term success of a business.

Performance and attitude of employees: The standard of non-management performance and the attitudes of such employees towards their job. The success of an organisation over the long run depends on these aspects as well. By establishing organisational goals, it should be emphasised how important these factors are.

Social responsibility is the duty of business to contribute to the wellbeing of society while working for its own goals.

Synergy

Surpasses the value those units might produce by operating alone. Derived from the Greek term "synergos," which meaning "working together," Another way to put it is that synergy arises when "assets" have a higher value when employed collectively than when used individually. Synergies may incorporate both tangible and intangible resources, including human capital. Synergy increases shareholder value in ways that their individual portfolio diversification choices could not match or even come close to.

When company divisions collaborate, they produce more value than when they operate alone. This is known as synergy. Yet when a company's business divisions become more interconnected, it also raises the danger of corporate failure since synergy creates joint dependency between them, which limits the firm's ability to adapt. This danger can need making two simple choices. Secondly, by operating in more stable contexts, the company may lower its amount of technical change. As an alternative, the company might limit the amount of activity sharing and forgo the synergy advantages. More diversification might result from either choice or from both. The latter might result in further, unrelated diversification. By focusing resources in the areas where a company wants to gain a strategic advantage, synergistic effects occur across functional domains and core competencies are developed. This may be seen with a business that is, or aspires to be, a market leader, a cost-effective manufacturer, a technologically advanced rival, or an ideal employer. An integrated approach to functional planning and policies would be required to accomplish each of these goals. For instance, a business that wants to dominate its market would need to provide the highest-quality goods at prices that are reasonable, all while maintaining an effective distribution system and an active marketing strategy. These marketing policies would need to be supplemented by the plans and policies from the other functional areas.

Strategy at the Business Unit and Functional Level

Effective strategy development and execution are essential to an organization's long-term success. Innovative businesses are adept at putting their strategies into practise, according to Thomas Peters and Robert Waterman. Successful managers often go back and forth between developing and executing strategies. Understanding the idea of Strategic Business Units (SBUs) and functional level strategies is necessary for this approach. Understanding the hen and egg problem—whether structure comes first or strategy does—is important.

Results of strategy management

When a plan is developed and put into action, a matrix representation of the two activities proposes four possible outcomes: success, roulette, problem, and failure. The likelihood of

success increases when a company has a solid plan and effectively carries it out. All that could be done in this situation to assure success has been done. A plan may nevertheless fail due to external environmental circumstances that are beyond the company's control, such as competition responses or changing client preferences. Nonetheless, this cell has the highest probability of achieving organisational goals.

In roulette, it's possible for a poorly thought-out plan to be successfully applied. It might be one of two possible results. A successful execution may outweigh a weak plan, or at the very least, it may alert management to approaching failure. Maybe the field sales team notices a flaw in the plan and switches to a more effective selling method. The same effective execution, on the other hand, might precipitate the failure of a bad plan. Hence, the roulette cell receives its name because it is hard to precisely forecast what would happen to tactics there. Situations when a well-planned strategy is inadequately carried out define the difficulty cell. Managers sometimes miss the fundamental issue with a strategy—poor implementation—because they are more used to concentrating on strategy design. When something goes wrong, managers are more prone to rework the plan than to consider if the execution was successful. The new method is then reapplied and continues to fail (and is often less effective).

Failure is more likely to happen when a poorly designed plan is improperly carried out. Under these circumstances, management finds it very difficult to turn things around. The same method will probably fail even if it is kept and used differently. The likelihood of failure does not change if the plan is reformulated and carried out in the same manner. This matrix cell's strategic issues are exceedingly challenging to identify and solve. Two things are quite evident when the matrix is analysed.

First, the execution of a plan is at least as crucial as its development

Second, in the absence of successful execution, it is difficult to evaluate how well a plan has been developed.

Building Structure Evolution

The formal arrangement that makes up a company's organisational structure essentially dictates what it will accomplish and how it will carry out its tasks. To apply various tactics, various structures are needed. When strategy and structure are correctly matched, a company performs better. The functional structure is often used to execute business-level initiatives. A centralised functional organisation with a focus on manufacturing effectiveness and process engineering is necessary for the cost leadership approach. During the 1920s until the early 1970s, there was a progression from the functional structure to the three forms of multidivisional structures (M-form). The related-constrained corporate-level strategy is implemented using the cooperative M-form, which features a large number of integrating mechanisms and a centralised corporate office. Incentives for individual divisions are related to overall company success. Within the diversified company, the related-linked SBU M-form structure creates distinct profit centres.

CHAPTER 10
ORGANIZATIONAL STRUCTURE TYPES

[1]Dr. Uma Warrier, [2]Baishakhi Debnath
[1]Professor, Department of Organiztional Behaviour and Human Resource, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Assistant Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]umawarrier@cms.ac.in, [2]baisakhi_2015@cms.ac.in

There are primarily two types of organisational structures: formal and informal. There is a formal organisational structure that depicts the allocation of resources according to management's plans. The organisation chart illustrates the official organisational structure. The informal organisational structure, which is founded on friendships or common interests between diverse members of an organisation, is another kind of organisational structure. The so-called "grapevine" communication patterns are indicative of the informal organisational structure.

The informal network may be utilised to promote swift strategy implementation.The topic of who within the organization's formal management structure and staff will be in charge of carrying out different implementation duties is raised. The simple, functional, divisional, strategic business unit (SBU), and matrix organisational structure types are the five kinds that are most often seen. The owner-manager and the workforce are the only two tiers of a straightforward organisational structure. Small businesses with only one product or a few closely related ones often have this structure.

Organizational Structure That Is Functional

Organizational structures typically alter to reflect increased specialisation in functional business areas as firms expand and create a variety of related goods and markets. Departments may be set up to coordinate line functions like manufacturing, operations, marketing, and research and development (R&D).

Organizational Structure for Divisions

A divisional organisational structure may grow when businesses expand into new markets or sectors with new goods. Each division may function independently while being led by a division manager who answers to the CEO. Divisions may be created based on product categories (e.g., automobile, aircraft), markets (e.g., consumers, institutional purchasers), geographical regions (e.g., north, south, worldwide), or distribution channels (retail store, catalogue sales). Together with managing its own line and staff tasks, each division also develops and carries out its own internal strategy with the CEO's consent.

Structure of Strategic Business Units

Organizations may reorganise in the form of strategic business units (SBUs) or strategic groups when a divisional structure becomes cumbersome due to a CEO having too many divisions to handle efficiently. Based on factors like similarity of product lines or markets, this structure links a number of divisions together. Vice presidents who directly report to the CEO are chosen to manage the operations of the newly established strategic business divisions.

Organizational structure in a matrix

An organisational matrix is used to streamline the creation and implementation of different initiatives and programmes. Each department vice president mentioned at the top is functionally in charge of every project, whilst each project manager listed on the side is in charge of finishing and putting the plan into action. This method enables project managers to work across departmental boundaries and may encourage effective strategy implementation.

The following lists the benefits and drawbacks of the various structures.

Business Company Decision-Making Hierarchy

There are normally three layers in the decision-making hierarchy of corporate organisations. The corporate level is at the very top and is mostly made up of members of the board of directors, the CEO, and administrative officials. They are in charge of the company's overall financial success as well as the achievement of the organization's non-financial objectives, such as corporate responsibility and image.

The business level, which is made up mostly of business and corporate managers, is the second rung of the decision-making hierarchy. These managers are responsible for converting the broad declarations of aim and direction created at the corporate level into specific functional goals and plans for every business division or SBU. Business-level strategic managers essentially need to figure out how a firm can compete in the chosen product-market space.

The functional level, which comprises primarily managers of product, geographic, and functional sectors, is the third rung. They are in charge of creating yearly goals and short-term plans in departments like manufacturing, operations, and research and development, as well as in others like finance and accounting, marketing, and human relations. Yet, the implementation or execution of a company's strategic initiatives is where they have the most responsibility. Managers at the functional level must emphasise "doing things well" while corporate and business level managers focus their planning concerns on "doing the right things." Hence, they directly address problems like the efficacy and efficiency of manufacturing and marketing processes, the level of customer service provided, and the performance of certain goods and services in gaining market share. the characteristics of strategic management choices at various levels. The selection of a firm, dividend policies, sources of long-term funding, and growth-oriented features are a few examples of corporate-level choices. Decisions made at the functional level often decide actions needing the least amount of corporate collaboration. The current operations in the functional area are supplemented by these activities, which are adaptable to existing activities and need less collaboration to be implemented successfully. Strategic decision descriptions at the business level lie in between those at the other two levels. Business-level choices, for instance, are more expensive, riskier, and possibly lucrative than judgements made at the functional level. Nevertheless, business-level decisions are less costly, hazardous, and potentially profitable than corporate level decisions. Plant site, marketing segmentation and regional coverage, and distribution methods are some typical business-level considerations.

Combinations of corporate strategy and structure

It is unnecessary to overstate the importance of having the appropriate framework in place for plan execution. Cost. The effective use of the cost leadership approach depends on the structural traits of specialisation, centralization, and formalisation. The kind and quantity of job specialities required to carry out the activity of the organisation are referred to as specialisation. Managers segment the work of the company into homogenous subgroups in order to implement the cost leadership approach. These groupings are often based on

functional areas, items produced, or customers serviced. Businesses save expenses by segmenting and categorising job tasks into specialities because workers who specialise in a certain, often limited range of activities do those duties more efficiently. Other features of the functional structure's shape as it is utilised to carry out the differentiation approach

The SBU idea has been implemented in one form or another by a large number of governmental and private sector organisations. There are many family-run businesses today that are proud of their professionally run organisational structure. A top executive who has complete control and power over the profit centre works for each of their businesses. Senior management knowledge was used in MRF Ltd.'s strategic planning by segmenting it into five groups: goods and markets, environment, technology, resources, and labour. A leader was assigned to each group who assisted in the creation of position papers to be presented to the board. The company's executive directors actively participated in the SWOT analysis with the assistance of managers and assistant managers. The strategic planning system of Shriram Fibers included all of the company's operations, from making nylon yarn to offering financial services. Both at the corporate level and the level of each SBU, strategic plans were developed. The corporate planning division at the corporate headquarters oversaw the coordination of the SBU-level strategic planning process. Each SBU had a strategic planning unit of its own.

Functional Techniques

The methods to carry out the yearly plans are functional strategies, which are short-term game plans for the primary functional areas. The operationalization of the grand strategy is aided by functional strategies, which specifically outline the numerous actions to be performed in various functional domains across a range of time periods. In other words, functional strategies provide the short-term operational specifics needed to methodically achieve the long-term goals. Functional strategies aid in the execution of a company's grand strategy by organising and motivating certain business divisions (such as marketing, finance, and manufacturing) to carry out the plan on a daily basis. Functional strategies, in a sense, transform ideas (grand plan) into action intended to achieve particular yearly targets. Functional strategies identify each main division of a corporation.

Plan activities that advance the overall strategy and increase the possibility that yearly goals will be met. The creation of functional strategies in crucial fields including marketing, manufacturing, R&D, finance, and human resources is necessary for operationalizing the corporate strategy. The yearly goal is to boost sales by '86 crores. The development of a new product, strengthening marketing by expanding the size of the field sales team, increasing the number of dealers, etc. are some strategies for this. For instance, raising the sales of Division A by 38 crores, Division B by 30 crores, and Division C by 18 crores. All elements of the marketing mix must be covered by the functional marketing strategy. To assist in achieving the yearly marketing aim, strategies that are mutually consistent for each of the criteria must be devised. R & D plan may include creating new products, producing improved packaging, etc. Similar to this, each important functional area must create plans to meet the yearly goals. All of the functional areas, including R&D operations, finance, human resources, logistics, information systems, and marketing, are covered in depth in unit III of this study guide.

Environmental Assessment

Businesses exist in an unstable environment, and changes to the environment have an influence on them. Changes in both the internal and external surroundings have an impact on how commercial organisations make policy choices and have a significant impact on how effectively they operate. The external environmental elements are always changing, bringing

the organisation new possibilities as well as new risks. They always have the potential to cause significant shocks, which Peter Drucker has referred to as "an Era of Discontinuity." A business must take the environment into account, comprehend it, and develop policies that either adapt to or change the environment in order to survive and prosper.

Environment Concept

Proctor & Gamble (P&G) was recently sued by Unilever for using corporate espionage to steal the trade secrets of Unilever's hair care division. P&G reportedly stole over 80 papers from trash cans outside Unilever's hair-care products including ThermaSilk, Suave, Salon Selective, and Finesse after investing $3 million to build a team to research rivals in the domestic hair care sector.

Business environment, according to Professor Keith Davis, is "the aggregate of all circumstances, events, and forces that surround and impact it." This environment is unstable and ever-changing. Proctor & Gamble (P&G) was recently sued by Unilever for using corporate espionage to steal the trade secrets of Unilever's hair care division. P&G reportedly stole over 80 papers from trash cans outside Unilever's hair-care products including ThermaSilk, Suave, Salon Selective, and Finesse after investing $3 million to build a team to research rivals in the domestic hair care sector.

Global Environment

Mega' environment, often known as the wide or distant environment, avoids the "micro" or the pertinent settings.

PEST or STEP (P stands for Politico-Legal Environment, Economic Environment, Social and Cultural Environment, and Technological Environment) or PESTEL are the main components of the macro environment (Political, environmental, socio-cultural, technological, economic and legal). These settings may also be divided into global, regional, national, etc. Consequently, an analyst may make reference to the national social environment, the regional political environment, or the global economic environment depending on the circumstances. Employees, shareholders, creditors, suppliers, consumers, financial institutions, regulatory agencies, distribution routes, and special interest groups like consumer associations and community organisations are all included in the microenvironment. The present operations of a company are significantly impacted by this environment. Developments in the microenvironment as a result become the management's main focus when making strategic choices. A company has to be informed of technological developments that might affect its industry in order to prevent obsolescence and foster innovation. Innovative technology applications may enhance production and marketing methods.

A business like L&T, which offers a diverse range of products including machinery for cement, switchgear, material handling equipment, machinery for dairy plants, computer peripherals, etc., could have a lot of "micro" settings. L & T should only collect what is absolutely essential from the relevant environment.

Analyzed macroenvironment

We will now look at the main macroenvironmental elements and determine what kind of influence they have on business enterprises.

Social and Cultural Setting

One of the most important components of the macro environment is the sociocultural environment. The essential elements of this setting are shown in Figure 4-3. demographics

such as literacy rates, gender-to-childbirth ratios, age distribution, educational attainment, way of life, geographic dispersion, and migration of pollutants Cultural elements like beliefs, values, religion, customs and traditions, environmental folkways, etc., are a component of the social changes in society. These changes may be quick or gradual, but they are always present in any workplace setting. Socio-cultural considerations impact purchasing choices, use patterns, and life style modifications, for instance, in the Indian corporate environment. Businesses that disregard sociocultural contexts often lose.

Using beef and pig as components in its pizzas and burgers, McDonald's, one of the fastest-growing fast food businesses in the world, expanded into the Indian market. As Muslims despise pork and Hindus are religiously against cow slaughter, there was a lot of reaction in Bombay, and the local shiv sena activities destroyed the McDonald's fast food outlet in Mumbai. The firm reintroduced its goods today with "no beef and no pig" signboards, and it even made a big deal out of the fact that no animal fat is ever used in their eateries. New variants for Indians like Mc. Imli (with tamarind), Mc spic (with Indian spices), etc. are developed as part of efforts to further Indianize their goods.

Technological Setting

Technology is the ability to produce novel things. To create, manufacture, distribute, and sell products and services, managers require technology. The effects of technology are uneven. New goods and services, equipment, tools, materials, and services all have advantages. Advantages include increased output, improved living conditions, more free time, and a wider range of goods. Examples include a variety of automobiles, including subcompacts, compacts, intermediates, sports, specialised, and models with different engine power, steering A/C, speed control, and roofs. Pollution, a lack of energy, a loss of privacy, a traffic bottleneck, etc. are all negative impacts. Hence, a balanced strategy is required. With 93 percent of the global photocopier market, Xerox was in absolute control. It filed more than 500 patents to protect its technologies. About 1970, a Japanese camera firm named Cannon entered this industry. It lacked the process technology necessary to get beyond Xerox's patents.

But, during the next three decades, Canon revised the rules governing the manufacture and distribution of copiers. A firm with yearly sales of almost Rs. 300,000 crore, Canon sells more copiers than Xerox. Not by copying Xerox, but because Canon felt that people and small companies would find the product beneficial if they could only afford it, did Canon succeed. As a result, the technology suitable for this product would be distinct from those Xerox uses and has under patent protection. In 1975, companies were dramatically impacted by cutting-edge technical advancements and discoveries. Super conductivity, computer engineering, "thinking" computers, robotics, unmanned factories, miracle medications, fibre optics, biometrics, and electronic money transfer are a few examples of such breakthroughs. Business processes are predicted to undergo a revolution because to superconductivity, particularly in sectors like electricity, computers, utilities, transportation, and health care.

Technology Transformation Comes in Two Forms

Convergent change occurs when small-scale innovation and improvement maximise an organization's capacity to thrive in its current context. This transition takes place in western companies in five to six years, four years in Japan, and 10 to 12 years in India. Nowadays, some Japanese companies, like Nissan, make modifications every 14 to 2 years. Divergent transformation entails modifications when the organisational structure experiences discontinuities. These changes involve organisational re-formation or transformation, whether they are in response to uncontrollable events like deregulation, significant changes in

economic policies, nationalisation, or events connected to radical changes in technology like product life cycle shifts, new process technologies, radical innovations, etc. One example is the replacement of highly innovative Swiss mechanical timepieces with basic battery-operated electronic watches. Some of the beneficiaries and victims of technology advancements.

Economic Situation

Capital includes tools, office equipment, machinery, buildings, investments, and cash. Business companies borrow money from commercial banks and issue shares and debentures.

Availability of skilled workers at reasonable rates of pay. Since labour is so inexpensive in India, American businesses are outsourcing there.

Pricing: The fluctuations in prices brought on by economic cycles are a significant worry. Price increases in one business have an impact on others. Similar to a chain reaction, It lowers consumer purchasing power and lowers demand.

Government fiscal and tax policies have a significant influence on company since they allow the government to restrict loan availability. High business profit taxes diminish interest in starting a firm. When the tax on a sale is high, few people purchase.

Customers: Clients are the cornerstone of every firm. The public must be served by business. Consumers want services that meet their demands and provide value for their money. Businesses are making items specifically for certain persons or groups. Companies that make refrigerators are releasing basic versions for those with limited incomes. Service centres are being established by automakers. CRM (customer relationship management) programmes are very common in today's firms.

Generally speaking, the economy Business strategies are significantly influenced by broader economic factors such as national income, per capita income, economic resources, income and asset distribution, economic progress, etc. The demand for the product will be low in nations and areas where the average income of the populace is low. It deters businesses from entering the market. Yet, investment will automatically draw interest in economies where people's incomes are growing and, therefore, company prospects are greater. Indian middle-class income has recently increased, attracting international investors to set up shop there.

Financial Systems. All commercial enterprises function under at least one of the three major economic systems: socialism, communist, and capitalism. Under a capitalistic economic system, the market operates freely, but there are limitations on the private sector's involvement in state-controlled economies. After the fall of the communist Soviet Union, it has been observed that global firms are looking for new markets in East European nations.

Economic Strategies Government economic policies have a significant influence on business. For instance, before to July 1991, governmental sectors in India were pushed to play a dominating role in order to attain commanding economic heights; as a consequence, there was no competition. The period of protectionism and special treatment is being replaced by competition and cost-consciousness as a result of the new economic policies of liberalisation and globalisation.

Economic expansion Business tactics are directly impacted by the economy's overall growth. Increasing consumption and spending decreases overall industry pressure and presents more possibilities than dangers. This is the result of increased economic growth. On the other side, a slowdown in economic expansion results in lower consumer spending, which increases competitive pressures and jeopardises profitability.

Rates of interest: The economy's demand for commodities is influenced by interest rates, especially when general items are to be bought with borrowed money. The demand for certain goods, such as automobiles, appliances, capital equipment, building supplies, etc., will increase if the interest rate is low. These sectors have a great chance to grow as a result, while they are threatened by increasing interest rates. The cost of capital for the business is also influenced by interest rates. When interest rates are lower, businesses may use borrowed money to implement ambitious strategies.

Rates of currency conversion: The corporate climate is directly impacted by currency exchange rates. In 1991, the rupee was lowered to make Indian goods more affordable on the international market and so increase India's exports. That was a fantastic chance for Indian exporters.

Taxes: Business is impacted by the application of taxes including income tax, sales tax, and excise charges. As the excise tax on confectionery goods rose from 8 to 16 percent in the new century, the Indian chocolate industry experienced a setback. When the price of the popular chocolate brand "Aasey" could not be raised by 0.04 pence owing to coinage issues, Nutrine Confectionery Company had to increase the price from 0.25 pence to 0.50 pence. A youngster used to come home to his mother without a chocolate if he went to the kiosk with just 0.25p. Children's pocket money provides the corporation with millions of rupees each year, but it took three months for the client's children to get used to the increased pricing.

Political and legal climate

Business decisions are influenced and constrained by the many influences in the political and legal environment.

Political climate:

As society needs and ideologies change, so do government and legislative attitudes. Every element of life is impacted by government. For instance, strict environmental regulations may force a firm to close. Government both supports and restrains business. Promotion is made possible by fostering economic expansion and growth, by giving SSIs subsidies, tax breaks, and assistance for R&D, as well as by safeguarding businesses in key sectors. Also, the government may be the largest client. Government policies are indicated via official statements and remarks in plan papers. Examples include the 1948 industrial policy resolution and the 1991 economic policy. The use of children in commercial commercials is prohibited in a number of European nations. In India, advertisements for cigarettes are required to include the legal disclaimer "Cigarette smoking is harmful to health." Political ambiguity often present has an impact on corporate tactics. No firm wants to commit itself to long-term strategy or investments while there is political unpredictability in the country. As a result, businesses put increased emphasis on creating backup plans for potential emergencies.

Legal system: This comprises of the courts and the law. It limits and controls business. There are several pieces of law, including the Factories Act of 1948, the Payment of Wages Act of 1936, and the Companies Act of 1956. Courts and tribunals are examples of judicial arrangements. Since economic reforms were implemented in 1991, the business climate in India has undergone a radical transformation. The following are the terms used by Frederick Gluck, Director of Mckinsey & Company, to sum up his observations: Without exaggeration, the riskiest position in a sector that is, or is quickly becoming, global is to stand back and watch while more aggressive businesses take advantage of this expansion to gain size and knowledge. The domestic rival will then have to defend domestic markets against an assault employing alternative (and maybe better) technology, product design, production, marketing strategies, and economies of scale. A few instances illustrate just how widespread the

phenomena of global marketplaces already is. The production chain of Hewlett Packard extends halfway around the world, from highly compensated, knowledgeable engineers in California to low-range assembly in Malaysia. Since it has centralised its global manufacturing in Singapore, General Electric has been able to continue producing low-cost audio equipment.

In order to free up limited public resources for the social sector, a variety of steps have been announced to enable private entrance into infrastructure sectors that were previously the province of the public sector. Natural resource industries and non-tradable infrastructural services like energy, domestic transportation, and telecommunications are among them.

To invite private and international investment, the National Mining Policy was updated, and the Mines and Mineral Development Act was modified. Thirteen minerals have been released for private sector use.

Mining (apart from atomic minerals and mineral fuels) is now covered by the R.B.I. enacted automatic approval policy for foreign investment, subject to a cap of 50% on foreign stock.

The power sector policy framework attracted 138 private offers to spend Rs. 2, 19,927 crores in 58,745 mega watts of capacity. Of these, 41 proposals—of which thirteen have already been approved by the government—are from international investors or joint ventures with foreign partners.Private delivery of essential telecom services is permitted under the 1994 National Tele-communication Policy. After the publication of the rules and procedures, implementation has started.

Private Air Taxi Companies may conduct regular domestic flights thanks to the New Air Corporation Act of 1994. Nine Air Taxi providers who complied with the Aviation Regulations have been given the status of "scheduled airlines."The National Highway Act has been modified to permit the imposition of tolls on users of national highways. The government plans to alter the law once again to let private contractors to build, maintain, and run highways on a Build-operate-Transfer (BOT) basis.

The Natural World

Business is affected by geographical and ecological variables such endowments of natural resources, weather and climatic conditions, topographical considerations, location aspects in the global perspective, port facilities, etc. The marketing mix may sometimes need to be changed due to variations in the regional circumstances of different markets. The placement of certain enterprises is also influenced by geographic and ecological variables.

Availability of natural resources

For instance, industries with a high material index often have locations close to the suppliers of their raw materials. Some sectors, like the cotton textile industry in Mumbai, Ahmedabad, and Coimbatore, are affected by the climate and weather where they are located. Topographic considerations these could alter the pattern of demand. For instance, jeeps may be more popular than vehicles in steep or tough terrain.

Ports: Seaports and airports have an edge in terms of transportation. This port advantage is seen in many business centres.

Around ports, commerce is booming in India. For instance, Visakhapatnam in Andhra Pradesh, which has a natural harbour, is home to numerous important companies thanks to the port's advantages, including BHPV, a steel mill, Hindustan Shipyard, Coromandel Fertilizers, and others. Green issues Environmental protection is a growing priority for the government. Some states and union territories, including Andhra Pradesh and Sikkim, have

outlawed the use of plastic bags. To preserve groundwater and other natural water resources, the government is funding water harvesting projects. Weather conditions the demand for commodities varies depending on climate variations. Due to the warm temperature, more air conditioners and refrigerators are sold in South India throughout the summer. Macroenvironment's effects on business from the perspective of a corporation, the macro environment changes have long-term effects.

Analysis of the Environment and Strategy

Industry never finds an equilibrium because of the way it operates. Strategic analysis offers the framework for research, forecasting, anticipating, and putting the company in the best possible position to face the difficulties brought on by changes. The changing character of the environment in which organisations function must be acknowledged. A variety of events and effects from many sources have an impact on the environment, creating a complex interplay of forces that is difficult to understand in its entirety. Internal factors are considered as controllable variables since they may be influenced by the company firm. External environmental elements are thought to be independent variables. A commercial enterprise's ability to properly adapt to environmental changes is crucial to its development, success, and survival since external environmental forces are beyond of its control. It will need to rearrange and alter its controllable internal components in order to conform to the external business environment in order to achieve this.

The evaluation of company risk is the first step in effective strategic management. Both the possibility that something positive won't happen and the danger that something negative will happen are sources of business risk. Each corporation has a distinct set of business risks, which are continually evolving. External risks include things like competitors, the state of the economy, and the availability of capital. Others are internal, originating from the company's own structure, procedures, products, and connection with customers, shareholders, suppliers and workers; information; and contractual obligations.

On strategy, there are two primary schools of thinking. These are represented by the 'fit' concept of the 'positioning school' and the 'stretch' concept of the resource based' school. Each of these schools sees strategy differently, as a consequence of which strategic competence is likewise considered differently.

The 'Fit' Concept

The traditional concept of organisational strategy is based on the 'fit' concept. This concept is propagated by the 'positioning' school and more particularly by Michael Porter in his development of the theory of competitive strategy. According to this, strategies should aim at achieving fit between environment and organisations.

The 'Stretch' Concept

Gary Hamel and C.K. Prahlad opined that the conventional framework of strategy using the 'fit' concept is incomplete as a strategy for the organisation. Though the long-term strategy should have a consistency and purpose and supplement the idea of 'fit', the importance of competitive strategy is not about how the organisation fits its strategy to match its resources, but about how the organisation marshals its resources. They said, Competitiveness is born in the gap between a company's resources and its manager's goals. The long term competitive success depends on managers' willingness to continually challenge their existing frames of reference. Leveraging resources can do this. Leveraging resources is as important as allocating them. This concept of leveraging resources so as to extend the capabilities of the organisation and its competitiveness is called 'stretch'.

Business organisations are subject to its internal and external environmental factors. The internal factors are its personnel, physical facilities, organisation structure, production system, marketing mix, technical facilities etc. These internal factors are those over which the business enterprise can exercise its control and are regarded as controllable variables. The external factors are those over which the business organisation has no control such as social and political atmosphere, economic environment etc. These environmental factors are regarded as uncontrollable factors. A commercial enterprise's ability to properly adapt to environmental changes is crucial to its development, success, and survival since external environmental forces are beyond of its control. It will need to rearrange and alter its controllable internal components in order to conform to the external business environment in order to achieve this. On strategy, there are two primary schools of thinking. These are represented by the 'fit' concept of the 'positioning school' and the 'stretch' concept of the resource based' school.

Methods for Environmental Scanning

As the Strategic Advantage Profile is a concise presentation of business capabilities, it is necessary to compare the functional competencies in light of current external circumstances and the projected time horizon. By evaluating the amount of inventory holding, for instance, one can discover that it is comparatively larger than that of other companies; as such, it should be seen as a vulnerability. But, seeming weakness should be seen as strength if the market's demand is expanding.

Profile of the functional areas and a matrix of resource allocation

The construction of a matrix of functional sectors with attributes common to each, such as the emphasis of financial outlay, physical resource location, organisational structure, and technical competence, is required by this technique, which was created by Hofer and Schendel. As an example, the functional area profile of a manufacturing business is shown. After this exercise, it is necessary to demonstrate the resource expenditure and concentration of efforts over time in the corresponding functional domains in the form of a matrix.

Priority Matrix for Problems (IPM)

Using the problems prioritisation matrix as shown below is one method for identifying and analysing changes in the external environment:

Find many plausible trends that are developing in the social and task settings. These environmental challenges are strategic in nature; they represent significant trends that, if they materialise, will shape how the economy or the planet will function in the next years.Rank the likelihood of these developments materialising from low to high, Make an effort to determine the potential influence of each of these trends on the company under consideration, ranging from low to high.

The important environmental trends that are believed to have a medium to high likelihood of occurring and a medium to high probability of having an influence on the firm are known as an organization's external strategic factors. Managers may then utilise the problems priority matrix to determine which environmental trends should be tracked as strategic variables and which should only be scanned (low priority) (high priority). Environmental trends that are determined to be strategic considerations for a firm are then divided into opportunities and threats and included into strategy development.

Environmental Opportunities and Threats Profile

A systematic review of the data generated during environmental analysis is necessary for the assessment of environmental information and establishing the relative relevance of dangers

and opportunities. The creation of an environmental threat and opportunity profile (ETOP) is regarded as a good tool for this aim.

Profile of a strategic advantage

A brief statement known as a Profile of Strategic Advantages (SAP) gives an overview of the benefits and drawbacks in significant areas that are anticipated to have an impact on the company's future operations. It is a method for doing an organised assessment of the strategic advantage aspects that are crucial for the organisation in its surroundings. An extensive investigation and diagnosis of the elements in each of the functional domains is required for the creation of such a profile (Marketing, Production, Finance and Accounting, Personnel and Human Resources, R& D). The crucial regions' pertinent data may be included to the profile as a supplement. A food processing business in India is the subject of the next Strategic Advantage Profile. Given that the Strategic Advantage Profile is a concise assessment of business capabilities, it is necessary to compare operational competences in light of current external circumstances and projected future developments. By evaluating the amount of inventory holding, for instance, one can discover that it is comparatively larger than that of other companies; as such, it should be seen as a vulnerability. But, seeming weakness should be seen as strength if the market's demand is expanding.

Profile of the functional areas and a matrix of resource allocation.

The construction of a matrix of functional sectors with attributes common to each, such as the emphasis of financial outlay, physical resource location, organisational structure, and technical competence, is required by this technique, which was created by Hofer and Schendel. As an example, the functional area profile of a manufacturing business is shown. After this exercise, it is necessary to demonstrate the resource expenditure and concentration of efforts over time in the corresponding functional domains in the form of a matrix.

CHAPTER 11
SWOT EVALUATION

[1]Dr. Dinesh Neelakanta Rao, [2]Vyshnavi A
[1]AssistantProfessor, Department of Organiztional Behaviour and Human Resource, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Assistant Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]dinesh.rao@cms.ac.in, [2]vyshnavi_a2015@cms.ac.in

The term SWOT stands for a company's internal strengths and weaknesses as well as the environmental opportunities and threats it must contend with. SWOT analysis is a methodical way to identify these elements and the approach that best depicts how they interact. It is predicated on the idea that a successful strategy optimises a company's advantages and strengths while minimising its disadvantages and dangers. If correctly used, this simple premise has significant ramifications for selecting and creating an efficient approach.

Opportunities

An opportunity is a significant beneficial circumstance in the surroundings of the company. One source of potential is key trends. Opportunities for the company might include the discovery of a previously untapped market niche, adjustments to the competitive or regulatory environment, technology advancements, and enhanced connections with customers or suppliers.

Threats

A hazard is a significant negative circumstance in the surroundings of the organisation. It is a significant barrier to the company's present and/or planned future status. A company's future performance may be seriously threatened by the entry of a new rival, sluggish market growth, greater negotiating power of important customers or suppliers, significant technology changes, and shifting legislation. Finding the most important strengths and weaknesses based on a review of the business profile is the second primary goal of a SWOT analysis. You may characterise strengths and weaknesses as follows:

Strengths

A resource, expertise, or other advantage over rivals and the demands of the markets a corporation serves or plans to service constitutes a strength. A distinguishing competency that offers the company a competitive edge in the market is a strength. Examples include financial resources, brand equity, market leadership, and supplier/buyer relationships.

Weaknesses

A weakness is a restriction (or) a shortfall in assets, competencies, and/or capabilities that substantially compromises performance effectiveness. Infrastructure, funds, managerial skills, marketing expertise, and brand reputation might all be causes of vulnerability. Absolute size and degree of consumer acceptance turned out to be the main assets on which IBM based its successful personal computer market strategy. It also helps to pick a plan and reduce the number of options by being aware of the company's main strengths and shortcomings. With connection to essential success factors for various market segments, distinct competency and crucial weakness are recognised; this offers a helpful framework for

selecting the optimal strategic option. At least three strategic decision-making processes may benefit from the application of SWOT analysis. The most widespread use offers a logical framework for methodical discussions of the business's circumstances, potential strategies, and finally the strategy decision. What one manager could see as a chance, another manager might view as a potential danger. Figure.8-5 presents a second use of SWOT analysis. In a structured approach, significant external opportunities and dangers are methodically contrasted to internal strengths and shortcomings. Finding one of four unique patterns in the alignment of the firm's internal and external circumstances is the goal. These patterns are represented by the four cells in Figure 8-5.

Cell 1 is the most advantageous scenario since the company has several advantages that promote pursuing these options, as well as a variety of environmental opportunities. This circumstance offers growth-oriented tactics to take advantage of the advantageous match. An ideal fit between strengths in reputation and resources and the potential for spectacular market expansion led to IBM's aggressive market development strategy in the personal computer sector.

While having certain qualities, Cell 2 is operating in an adverse environment. In this case, strategies would make use of existing advantages to create long-term chances in other goods or markets.

While Cell 3 has a huge commercial possibility, it is limited by a number of intrinsic flaws. The question marks in the BCG matrix are analogous to the businesses in this situation. Eliminating internal vulnerabilities is the main goal of such companies' strategies in order to more successfully chase market opportunities.

The corporation is facing significant environmental concerns from a position of relative weakness in Cell 4, making it the least advantageous scenario. This circumstance obviously demands for tactics that limit or refocus participation in the product marketplaces SWOT analysis was used to analyse. SWOT analysis aids in addressing a key issue while choosing a plan. Is it to exploit a favourable situation or to outwit an unfavourable one? SWOT analysis offers a way to respond to this important question. Also, this response is entered into one of the dimensions of a second, more focused instrument for choosing grand strategies: the selection matrix for the grand strategy.

Internal Evaluation

Knowing the components of the external environment makes it easier to see opportunities and hazards and choose which ones to take advantage of. Yet, just identifying the environment is insufficient for the design of a plan. A company must recognise its own strengths and flaws and devise strategies to address the latter. As a result, the evaluation of internal strength and market attractiveness must result in an integrated strategy.

Interpretation of internal analysis

"Internal analysis is the process by which the strategists examine the firm's marketing and distribution, research and development, production and operations, corporate resources and personnel, finance and accounting factors to determine where the firm has significant strengths and weaknesses," write Lawrence R. Jauch and William F. Gleuck. Internal diagnosis is the procedure used by strategists to identify opportunities and challenges the environment is providing, exploiting strengths and addressing weaknesses to create sustainable competitive advantage.

Internal analysis is the process of evaluating an organization's resources (resource audit), examining its operations and tying them to its value generation (value chain analysis), and

determining its special strengths and capabilities (core competences). There are several instances of businesses that have strong internal environments. The strengths of Asia's top twenty corporations and the commonalities of Indian enterprises with internal unique skills are listed below, per an article in Business Today from 1997.

Resource Inventory

The goal of this audit is to evaluate an organization's resources and determine its inherent strengths. A resource is an asset, competence, process, ability, or knowledge that is within the authority of an organisation. Resources include physical, financial, human, and intangible assets of an organisation. If competitors lack it, it may be a positive strength; otherwise, it might be a weakness if a corporation has less strength than its rivals.

Physical Resources The physical resources include things like stock, buildings, land, and equipment. Their predicted advantages are more significant than their numbers and book prices. As a result, an evaluation of their prospective advantages is done by looking at their age, condition, location, skills, etc.

Financial Resources Some examples of financial resources include cash, bank accounts, debtors, and marketable securities. The numerous financial sources, such as equity shares, debentures, retained profits, long-term and short-term loans, are taken into consideration while evaluating the financial resources. We look at their availability, cost of capital, and impact on the firm's overall liquidity and solvency.

Human Resources a company's most precious asset is its human capital, particularly in the current economic climate, when individuals are more competitive than companies. Grand strategists have traditionally been in charge of top management, while implementers and administrators made up middle management.

The current trend has been altered. Top managers set the direction for the company and depend on others to carry it out. The "purpose, process, and people" approach is now more important than the "strategy, structure, and systems" one. You need to have great trust in your employees if you want to apply the second approach.

The move has been made by businesses including Asea Braun Boveri, General Electric, Intel, 3M, and even Infosys. In order to evaluate the quality of human resources, an audit of human resources is conducted. Their particular attributes, such as their knowledge, skills, and aptitude for learning, are evaluated, along with their loyalty and dedication to the business.

Intellectual Property Businesses nowadays place a strong emphasis on developing intangible assets like their brand, customer relationships, intellectual property, etc. Why so? Prior to now, resources like money and technology are hard to come by. They were seen as a competitive advantage as a result.

They may now be purchased and traded. A competitive advantage must be generated as a result. It shouldn't be freely accessible, simple to use across different firms, or simple to replace. Intangible assets satisfy all three criteria, such as employee loyalty or connections that are hard to duplicate.

Consider the physical assets, such as production equipment. If a corporation has the necessary funds, it may purchase. Consider the fact that money, formerly seen as a source of competitive advantage, is now readily accessible at little cost from anywhere in the world. Market liberalisation and globalisation have made them more easily and cheaply accessible. The company's only intangible assets are its distinctive and non-replicable competitive advantages. Intangible assets are being reported by businesses like Reliance, BPL, Krebs Biochemicals, etc.

Chain Value Analysis

An insight of an organization's capabilities is provided through the resources audit. The next phase is to determine how organisational actions impact the value, or the cost that consumers are willing to pay for the organization's products and services. The corporation is considered to be profitable if this value surpasses the expenses of carrying out those operations; otherwise, it is a loss-making enterprise. Consequently, it is essential that the business acquire a competitive advantage over its rivals in order to attain the long-term aim of wealth maximisation and the short-term objectives of producing respectable profits.

A corporation must either execute value-creation operations at a cheaper cost than its competitors or conduct them in a manner that results in differentiation and a premium pricing to obtain a competitive advantage. It must possess a unique competency in one or more of its value-creation roles in order to accomplish either. It will be at a competitive disadvantage if any of these functions have major limitations. The acquisition, storage, and distribution of materials to the manufacturing divisions are the focus of material management operations. This role is responsible for inventory management, which strives to maintain an unbroken supply of material at minimal related costs.

Manufacturing and marketing operations are both infused with research and development efforts. It strives to create new goods or process technologies that provide consumers more advantages, boost quality, cut manufacturing costs, and eventually help create value. By carefully choosing employees and investing in their training and development, human resource operations seek to match the staffing needs of the production and marketing departments. The information system activities guarantee that the necessary information is delivered quickly and efficiently to the appropriate management for decision-making and action. All other business-critical tasks, including those in finance, law, public relations, and other areas, are included in the infrastructure activities.

Study of the Corporate Value Chain

In lesson 4 of Unit I of this subject, the idea of core competency is covered in depth. The next phase is to establish the company's core competency once resource identification and value chain analysis have linked them to the strategic goal. The term "core competency" refers to a company's special capability that rivals find difficult to copy or duplicate.

A core competency is a collection of abilities and tools that allows a business to provide a specific advantage to clients. Examples of core competencies at a global level include the following: A big tree is what the diverse firm is. The main branch and trunk are the primary items, while the minor branches are the business units, and the leaves, flowers, and fruit are the finished goods. The core competency is the foundation that gave support, sustenance, and stability. Similar to how you would overlook the power of a tree if you just looked at its leaves, you might miss the strength of competitors by focusing only on their final goods. The corporation benefits strategically from its core competencies. A firm may become competitive in the short term by focusing on its pricing and performance features, but in the long run, core competencies will lead to profitability. With its primary competency, the firm can manufacture more quickly and more cheaply than rivals and can stand out. Hence, a company's core competencies provide the true competitive edge. So, a company's strategy is built on its key competencies.

Characteristics of Core Competencies

The following characteristics characterise core competency

One one product or business unit does not have all of the core competencies. It supports

leadership across a variety of goods or services. "Core competencies cut across all corporate business divisions. Also, core competencies persist longer than any one commodity or service. Sony has the ability to miniaturise a variety of items, including the Walkman, a portable CD player, a pocket television, etc.

Competitivity is influenced by core competencies since winning or losing the race for leadership depends heavily on them. A Core - competence is not a single discrete skill or technology, but rather a collection of skills and technologies, according to "If Motorola lost its leadership position in wireless competencies, a broad spectrum of business would suffer, including pagers, two-way mobile radios, and cellular telephones."

A core competency "represents the total of learning across various skill sets and individual organisational units unlikely to exist in its entirety in a single person or small team," according to this definition. This Core-competence has to be developed via the team members' collective learning.

Competitive Indian Company Cannons

These are some examples of Indian businesses that can effectively leverage their own internal capabilities to implement strategy.

Competitive Research

Creating a competitive strategy entails creating a broad framework for the company, including how it will compete, its goals, and the policies required to achieve those goals. The competitive strategy combines the "goals" that a company aspires to achieve with the "means" by which it plans to do.

Concept and Competition Types

The market is defined by the trade process between seller and buyer. Buyer has a need that the product can fill, and seller has a product to provide at a price. Both the buyer and the seller are significant market participants in this regard. There is considered to be competition when there are several sellers and multiple buyers. There are so two perspectives on competition.

From the standpoint of the seller, an economist's perspective of competition from a buyer's perspective, a marketer's perception of the competition

An economist's perspective on competition

The keyhole through which economists have observed competition is the resource allocation via the pricing mechanism. They consequently examined competition from the perspective of sellers or the structure of the sector. An industry is referred to be a group of vendors that cater to similar or identical clients with comparable products.

Aspire to be rivals Alternative providers of various goods that may gratify a consumer's fundamental need or desire. For instance, you want to shake up routine. You decide to eat out despite having a few choices.

Generic opponents the providers of a certain type of goods or services. What and where are the following questions in this instance? Here, the tangible item or service is depicted. Once again, you have choices for different cuisines and locations. Say that you choose a restaurant.

Competitors in the the providers of various goods and services. Here, they are examined. The next decision issue is which kind of restaurant. South Indian, maybe.

Rival brands a variety of brand marketers for a certain product shape. Consumer attention is focused on brand selections. India coffee shop, for example.

The proprietors of South Indian restaurants would be shortsighted if they solely concentrate on the companies that compete with their brand against this background. Expanding the main demand and so expanding the field of potential is a problem for each marketer. To do this, the proprietors of South Indian restaurants must be concerned with the current "eating-out" trends. And several South Indian restaurants in major cities have done this with great success. They began serving non-South Indian meals after becoming very successful with a sizable portion, which increased their market and, therefore, their prospects. This kind of perspective offers a broad landscape for radaring the hostile environment essay by Theodore Leavitt, a pioneer. "The Marketing Myopia" is a great example of how to concentrate on needs rather than products to secure a company's long-term survival and success.

Increased Competition

The majority of sectors are now dealing with an ever-rising degree of environmental uncertainty. They are growing more dynamic and complicated. Industries that were once multi-national are now becoming global. New adaptable, aggressive, and inventive rivals are entering mature markets in an effort to quickly undermine the advantages of formerly dominating corporations. Distribution routes differ from nation to nation and are constantly changing thanks to advanced information technologies. To save costs, improve quality, and get access to new technologies, closer ties are being established with suppliers. It becomes more difficult to maintain any competitive edge for an extended period of time as businesses learn to swiftly adopt the successful market leaders' techniques. As a result, most sectors are seeing an increase in the intensity of competition. According to Richard D'Aveni (1994), competition intensifies when this kind of environmental instability affects more businesses.

As stated by D'Aveni

The frequency, boldness, and aggression of the players' dynamic movement escalates in hyper-competition, resulting in a state of ongoing disequilibrium and change. Short product life cycles, quick product design cycles, new technologies, frequent entrance by unexpected outsiders, incumbents reinventing themselves, and tactical redefinitions of market borders as many sectors combine pose a challenge to market stability. In other words, situations become more unpredictable, dynamic, diverse in terms of participants, and hostile. In highly competitive sectors like the computer industry, competitive advantage stems from current knowledge of market trends and competitor activity as well as a willingness to trade off an existing advantage for a potential new one. Exhibit 7-1 details Microsoft's business practises in the very competitive computer software market.

Microsoft is a very competitive company that competes in a fiercely competitive market. Microsoft has positioned itself in a very strong position in application programmes like word processing and spreadsheets by leveraging its dominance in operating systems (DOS and Windows) (Word and Excel). Even though it controlled 90% of the market for personal computer operating systems in 1992, Microsoft nevertheless spent millions on Windows 95 and Windows NT, the next generation.

Microsoft aggressively pursued the replacement of DOS with different Windows versions rather than attempting to maintain its competitive edge in the lucrative DOS operating system. Most experts opposed cannibalising a company's own product line before there was intense competition since it would mean destroying a highly valuable product rather than milking it like a "cash cow." This argument suggests that a business would be better off protecting its older items. Only once it was shown that new items wouldn't hurt sales of existing ones would they be launched. One of the first businesses to refute this cannibalization defence was Microsoft.

Bill Gates, Microsoft's founder, chairman, and CEO, understood that if his business didn't replace its existing DOS product line with a superior one (as IBM with OS/2 Wrap), someone else would. He was aware that moving quickly to the next competitive advantage ahead of rivals is more important for success in the software sector than firm size. Gates said that the market was very competitive. Size is not always a good thing in our industry. The job in this industry is cleverness. By the year 2000, Microsoft still had a monopoly over over 90% of the market for operating systems and applications software.

Using Analysis to Create a Competitive Strategy

Every company has a plan for competing. Nonetheless, certain tactics have developed through time and are now implicit rather than explicit (evolved by deliberate planning process). Unconsciously, implicit tactics become outmoded, lack concentration, and result in inconsistent judgements. Organizations without a clear strategy will be motivated more by immediate operational concerns than by a planned future vision. A generalised approach to the creation of strategy may include the broad factors in a successful competitive strategy.

Porter's study of five competitive forces

Michael Porter's "competitive analysis" is a valuable framework for creating corporate strategy. In order to analyse your competitive strategy for focus, consistency, and comprehensiveness, Porter's model offers a procedure for making it explicit. The foundation of Porter's strategy is the examination of five competing factors. Danger of new competitors, supplier and customer bargaining power, replacement product threat, rivalry between established businesses.

Threat from new competitors

Businesses that join a market bring with them new capabilities and a desire to increase their market share and earnings, but whether or not new businesses enter a market relies on the entry barriers. Established businesses in a sector may also profit from "experience curve" effects. In other words, because of their collective expertise in creating and promoting a product, their per-unit expenses are often lower than those of less-experienced businesses. In general, foreign companies are less likely to join a sector if entry obstacles are high.

Bargaining Influence of Suppliers

Suppliers may pose a danger to industry competition by increasing the cost of raw materials or lowering their quality. If businesses within an industry are unable to raise prices to match price increases the supplier imposes, powerful suppliers may diminish the profitability of the sector. Bargaining Power is a summary of several factors that affect supplier power.

Buyers

Customers undermine the profitability of the business by driving down prices, negotiating for greater quality or more services, and playing rivals off against one another. Many factors that affect buyer power

Threat of Replacement Goods

In a broad sense, every company in an industry competes with other industries that make comparable goods. By putting a cap on the prices that businesses in the sector may charge economically, substitutes restrict the industry's potential return. Industry earnings are constrained by how appealing a price-performance alternative is provided by substitutes. For instance, the cost of confectionery, like the chocolate-covered raisins known as Raisinettes, may put a cap on the price that Del Monte may charge for so-called "healthy snacks," like Strawberry Yogurt Raisins. Many factors can affect the danger of replacement.

Rivalry between Current Competitors

Industry expansion, disparities in products, and obstacles are all factors that influence competition. This is the traditional kind of competition, in which businesses compete for the same clients. Customers from other businesses are often attracted via tactics including pricing competition, advertising wars, the release of new products, and better customer service.Strategists have taken notice of this paradigm, which was created in the 1970s by the US-based management consulting company McKinsey & Company. The framework is based on the idea that the intricate connections between the seven S's are the best way to understand successful organisational transformation. Generally speaking, the 7-S model's thesis asserts that there are

There are several aspects that affect an organization's capacity for change and the appropriateness of such change. Due to the interdependence of the factors, major advancement in one area (such as strategy) cannot be accomplished without comparable advancement in other areas as well.

Structure in an organisation relates to power dynamics and the hierarchical placement of job titles.Systems, which comprise components for production planning and control, cost accounting practises, capital budgeting, hiring, training and development, planning and budgeting, performance evolution, etc., are referred to as the "infrastructure." Under the framework, rules, regulations, and processes are considered "systems," which support the organisational structure. The term "strategy" refers to a long-term plan of action with specific objectives.

In the 7-S framework, the word "staff" has a particular meaning. It deals with how businesses integrate new hires into daily operations and how they handle managing the careers of these new hires when they become managers.

The word "skills" refers to "distinctive competence," which captures the key competencies of a business. It may relate to technical expertise, as well as expertise in other areas such as new product development, customer service, quality commitment, market dominance, etc.

Another factor that may impact the success of organisational transformation efforts is style. The 7-S framework states that an organization's style may be determined by looking at the top management team's behaviour patterns over time, the focus placed on various business components, reporting relationships, and organisational culture elements.

According to the Mckinsey model, shared values are a collection of ideals and ambitions that go beyond the formally stated business objectives. In other words, they are the basic principles that form the foundation of an organisation and define its core values. Examples of this kind of behaviour include Hewlett-Packard, which has "creative individuals at all levels in organisation" as its primary aim or value; the "universal services" objective of AT&T; "customer service," which directs IBM's marketing efforts. The framework developed by Mckinsey is important for strategic planning. The following details clarify it.

It offers a useful framework for the seven's and aligns them with executive techniques and energy. Excellent multivariate organisational transformation model. It offers a handy method of determining if an organisation has the prerequisite conditions for putting strategy into practise capabilities of the organisation (Any of the seven aspects may be used to assess strengths and shortcomings).

Ohmae's Seven Keys to Success

Ohmae says that if resources are few, it can be a good idea to focus on the important operational or functional aspects that determine a business's performance. This necessitates

figuring out the key success factors (KFS) for a particular industry. There are two methods for finding the KPS. The first step is to creatively analyse the market to pinpoint its important categories.

The other is to identify what sets successful businesses apart from unsuccessful ones, then compare and contrast them.

The main ingredients for success in various sectors may reside in various roles, regions, distribution systems, channels, and so on. They may be found along the many functional company tasks, from purchasing raw materials to providing customer service.

Oh-mae Observes

According to business history, the "most effective shortcut to major success appears to be to jump quickly to the top by concentrating major resources early on a single strategically significant function, become really good and competitive at it, and then move to consolidate an advantage in the other functions by using the profit structure that the early top status has made possible." Without exception, all of today's market leaders got started by implementing audacious KFS-based initiatives.

Competitive Techniques

We'll now talk about Porter's generic methods and the tactics used in marketing warfare more broadly.

Generic Approaches

Porter proposes three typical approaches that might be effective in dealing with the five competing factors and gaining an advantage (see Figure 7-3). (See Figure 7-2and Table 7- 3). Which are:

Cost Leadership Overall

With this approach, the business takes every effort to cut manufacturing and marketing expenses as much as feasible. Gaining a sizable market share is the goal. All choices are made with efficiency in mind in order to keep expenses down.

Differentiation

Here, achieving class leadership via the creation of something seen as distinctive is the goal. It may be accomplished by developing extremely distinctive goods and marketing initiatives, such as design or brand image, customer service or dealer network, or any other practical component.

Businesses using this approach have strong R&D design, quality control, and marketing capabilities. Examples of products where this method seems to be the predominant guiding principle are Chiragh Din Shirts, Bata Shoes, OTIS Elevators, and Cini Fans.

Focus

The fundamental premise of "Focus" is that a company should be able to successfully and efficiently fulfil a certain strategic aim.

As a consequence, the company succeeds in either differentiating itself or satisfying the requirements of a certain target, or both. Examples of this approach that come really helpful are Ponds Talcum Powder and Genteel, a liquid detergent for pricey garments from Swastik.

The competition will get a lot more pages in the future, according to the proposal. It will become more necessary to design marketing efforts like military operations.

Below, four different categories of fighting stances are listed for debate

Defense-based warfare

In essence, market leaders should do this. It seeks to safeguard against legal requirements such as M.R.T.P industrial licence limitations, etc. The authors argue that a leader should spend more time defending its interests against the government, social environment, and the general public than the next closest rival. A leader should be able to abandon things to attack themselves, making the leadership position look more fragile. The following are the three tenets of defensive warfare: Only the market leader need to think about playing defence. The willingness to draw attention to oneself is the strongest defensive tactic. Powerful competitive movements should always be blocked.

Attacking Warfare

Almost a mirror image of defensive warfare is "offensive" warfare. It is advised for the industry's number twos to adopt an aggressive approach by spotting a leadership flaw and capitalising on it. The 'aggressive warfare' tenets include the strength of the leader's position is the primary factor, Locate a chink in the leader's armour, and strike there. Begin the assault with the narrowest possible front.

The Warfare of Flanking

"Flanking" is the most cutting-edge method of commercial warfare, claim Ries and Trout. Most of the major marketing successes throughout the years have used flanking strategies. It is advised for businesses with little resources. These businesses cannot compete with the big companies occupying the top two spots on the same field of battle. Flanking may be accomplished in a variety of ways, including flanking with high price, flanking with cheap price, flanking with tiny size, flanking with huge size, flanking with distribution, and flanking with product shape. In flanking warfare, the following rules apply:

A solid flanking manoeuvre must be performed in an open location, and tactical surprise should be a key component of the strategy.Consider the chase to be just as important as the actual assault

The Insurgent Warfare

Guerrilla warfare is the last kind. The majority of participants in a commercial conflict would engage in street combat, much like insurgents. Smaller businesses "may be tremendously successful as long as they do not strive to replicate the giants in their area," say Ries and Trout. There are many different types of guerrillas, including high end, industrial, industry-specific, product, geographic, and demographic guerrillas.

CHAPTER 12
STRATEGIC OPTIONS AND STRATEGY SELECTION

[1]Dr. Satyajeet Nanda, [2]Saritha Srinivasmurthy Raghotham
[1]Associate Professor, Department of Organiztional Behaviour and Human Resource, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Assistant Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]dr.satyajeetnanda@cms.ac.in, [2]saritha_sr@cms.ac.in

In their pursuit of increasing sales and profits, the majority of businesses today, including the most successful Indian businesses like Bajaj Auto, Reliance, and ITC, have completely embraced strategic planning. They discover many tactics they may use in this process.The choice between improving the efficiency and effectiveness of an organization's present and future operations versus continuing or changing the business it is presently in is at the centre of strategic options. So, how do these businesses decide what to do? Which variables affect their choices Former UPS chair Kent Nelson explains why his business established a new strategic planning division: "We can't afford to spend a whole lot of money in one route only to discover five years later that it was the wrong path. We're making greater bets on investment in technology." Tomorrow will always come. It constantly varies. Yet if a corporation hasn't planned for the future, even the mightiest one will run into difficulty. Even the biggest and wealthiest corporation cannot afford to take the risk of being startled by what occurs, and even the smallest company does not have to. P. D. Drucker

Alternative Strategies

The next phase in the strategic planning process is to create strategic alternatives to aid the business in attaining its goals. This comes after doing both external and internal environment analysis and assessment.

Generic methods

Using three separate bases, according to Michael E. Porter, strategies enable organisations to obtain a competitive edge cost leadership overallDifferentiation, and Businesses get a competitive edge by giving their consumers what they want or need more effectively than their rivals and in ways that are challenging for them to copy. Whether a company's profitability is higher or lower than the industry average depends on where it stands in relation to other businesses in the same sector. Sustainable competitive advantage serves as the essential foundation for long-term profitability that is above average. Low cost or distinctiveness are the two main categories of competitive advantage that a company may have. Three internally consistent generic competitive strategies may be utilised by the organisation to outperform the competition and protect its position in the industry given the two fundamental forms of competitive advantage and the range of activities through which a business aims to attain them. Cost Leadership Differentiation, Focus and Niche Strategies, and these are these tactics.

For customers that are price-sensitive, overall cost leadership emphasises creating standardised items at a very low cost per unit. Differentiation is a marketing tactic used to create goods and services that are seen as exceptional in the industry as a whole and are targeted at customers who are mostly unconcerned with prices. Focus refers to providing

goods and services that meet the demands of certain customer segments. In the face of intense competition, overall cost leadership results in a company generating above-average returns in its industry. This tactic, however, often calls for a large relative market share or other advantages, such as convenient access to raw materials or fast access to funds to finance the acquisition of the most effective machinery. For instance, National Can Company counts on being the low-cost manufacturer of cans and bottles even if it operates in a sector with little growth. Reliance's cost leadership approach helped it become the top corporation in India. It now produces polyester at the lowest cost in the whole globe. Reliance is able to put up large-scale facilities at the fastest speeds and with the lowest initial investment because to its project management abilities, which are among the finest in the world for its industry.

It has prevailed in the battle for markets by using an aggressive approach that relies heavily on size and pre-emption. Reliance has increased its market share and seized all investment initiative from its rivals by consistently investing in capacity, often before apparent need. It has essentially played a "chicken game" to see who blinks first, and considering that it has a reputation for always putting its money where its mouth is, rivals are the ones who have done so. Overall, Reliance now controls between 33 and 80% of the market in India for all of its core goods. With cost benefits resulting from these market shares, Reliance is the most profitable business in its sector both during upswings and during downswings. Sumantra Ghoshal makes a meaningful comment.

After Reliance, Ranbaxy Laboratories is the second most competitive firm in India. It achieved cost leadership through updating technology, integrating vertically, and benchmarking against global rivals. By using this cost leadership approach, Gujarat Ambuja was successful. It compared its performance to the industry-wide best practises for cement producers. For the mass market, differentiation entails developing and promoting distinctive items. Creating distinctive brand identities (like Levi's jeans), distinctive technologies (like MacIntosh stereo components), distinctive features (like Jenn-Air electric ranges), distinctive channels (like Tupperware), distinctive customer services (like IBM), and similar strategies are differentiation strategies. In other words, gaining a distinct advantage that the customer can easily recognise is the key to difference. Since it establishes a defendable position for dealing with the five competitive factors, differentiation is an effective approach for achieving above-average returns in an industry.

Now, HMT has a 12% market share, compared to 77% held by Titan and its sibling firm Timex. Due to its low pricing approach, HMT once had a 90% market share. Titan was able to charge a higher price and increase its market share because of its emphasis on external appearance. Focus is simply a market segmentation approach that targets only one or a small number of consumer or industrial customer groups. According to this strategy, a company may better serve a market segment if it focuses on one or a small number of it rather than trying to impact the whole market. For instance, rather of attempting to compete in the mainstream market, items like Rolls Royce cars, Cross pens, and Hartmann luggage are made to appeal to and service the elite market.

The Himachal Tourism Development Corporation's specific strategy, which is driven by geography, is to open hotels in the state of Himachal. Rolls-Royce follows the approach of marketing automobiles to affluent, status-conscious customers. Antibiotics and antibacterial medications were the only pharmacological classes that Ranbaxy concentrated on (product – line)

The Big Strategies

Grand plans, sometimes referred to as master or corporate strategies, are meant to provide

fundamental guidance for strategic activities. As a result, they are regarded as the foundation of continuous, well-coordinated activities aimed at accomplishing long-term corporate goals. Grand strategies serve as a roadmap for achieving long-term goals, therefore they may be thought of as an all-encompassing general approach that directs significant activities. There are four types of grand strategy.

Growth Methods

Increasing sales, earnings, market share, or any other metric is often an organization's top priority. In this area, there are several big strategies, including:

Concentration

Concentrating on the existing business is the most popular big strategy. A concentration strategy involves an enterprise concentrating its efforts on a particular industry. The company concentrates its efforts on the successful development of a single product, in a single market, using a single technology. The concentration method has historically been used by some of America's biggest and most successful businesses. For instance, Mc Donald's focuses on Holiday Inns and the fast food sector. Other examples are the well-known brands W.K. Kellogg and Gerber Foods, Shaklee, which focuses on global development, and Lincoln Electric, which based its expansion on technical advancements. Because of the benefits of business-level specialisation, concentration techniques are effective for a large number of organisations, including the great majority of smaller enterprises. A company may obtain competitive advantages over its more varied rivals in manufacturing skill, marketing know-how, customer sensitivity, and reputation in the marketplace by focusing on one product, in one market, and with one technology. The justifications for choosing a concentration grand strategy are apparent. Risk and extra resource requirements are often lowest when concentration is involved. Moreover, it is based on the firm's acknowledged skills. On the other side, concentration often leads to a limited selection of investment possibilities and moderate, consistent development and profitability for most businesses. Moreover, concentrated enterprises are particularly vulnerable to performance variances brought on by changing industry trends due to their limited base of competitors.

Integrating vertically

A vertical integration strategy includes expansion via the purchase of additional businesses in a distribution channel. Backward integration occurs when a company buys other businesses that provide it. Forward integration is the practise of a company acquiring other businesses that are located closer to the product's ultimate customers (such as wholesalers and retailers). Vertical integration is utilised to gain more control over a corporate sector and to boost revenues via improved productivity or sales strategies.

Integration on the Horizon

This expansion strategy entails acquiring rival companies operating in the same industry. It is implemented in an attempt to grow an organization's growth, sales, profitability, and prospective market share. In a sector where one or a small number of powerful rivals dominate, like the soft drink and computer industries, lesser businesses will sometimes use this tactic. Backward integration was a strategy used by BHEL to transition from producing a variety of equipment, including as switchgears and transformers, to producing full-scale thermal, hydroelectric, and nuclear power generating equipment.

Diversification

This tactic entails expansion via the purchase of businesses in other sectors or business lines, as will be described below:

1. In order to accelerate their total growth rate, companies in slow-growth sectors may acquire businesses in fast-growing ones.
2. Businesses with extra capital often discover that investing in another sector, especially one that is expanding quickly, is a beneficial move.
3. To spread their risks across multiple sectors, businesses may diversify.
4. The purchasing company could have marketing expertise, financial and technological resources, or managerial expertise that it might use to a struggling company in a different field in the hopes of turning it into a very lucrative one.

There are several forms of diversification

Concentric or related diversification the technique is known as concentric diversification when the acquired business has production technologies, products, routes of distribution, and/or markets comparable to those of the corporation buying it. When a company can increase efficiency or market effect by using shared resources, this tactic is advantageous. The partnership between McDonald's and Coca-Cola is an example of linked or concentric diversification. Coca-Cola and McDonald's have a global partnership that also affects the local market. In addition to Coca-Cola, McDonald's already has a partnership with Cadbury India for McSwirl ice cream cones in India. Moreover, McDonald's India is promoting the KitKat chocolate brand in conjunction with food giant Nestle. Meanwhile, the quick service restaurant company is negotiating similar partnerships with synergistic marketers. McDonald's has a goal of 100 restaurants by 2005, up from the existing total of 48 locations throughout the nation. Instead than looking at the possibility of opening smaller size convenience stores, the fast service firm is now trying to open bigger format restaurants. In the second stage of growth, the firm will take the small format retail option into consideration. The goal right now is to establish bigger eateries. They have installed outlets on roads and at railroad stations in addition to freestanding stores in neighbourhoods and entertainment centres. Diversification in a conglomerate or unrelated way the tactic is known as unconnected or conglomerate diversification when the acquired company is in a totally unrelated industry. The entry of Marico into the cooling oil market is one example of unconnected conglomerate diversification.

The market leader in hair oils, Marico Industries, has chosen to enter the cooling oil area with its Shanti brand, taking a page from Dabur's recent entrance with its Himsagar brand. The Shanti brand will soon witness an expansion from its current Amla hair oil under the subbrand of "Thanda Tel." The "value-added" oil, which costs Rs 38 for 100 ml, will include compounds like neem and camphor to provide the cooling effects. The fastest-growing market for hair oils is cooling oil, with a 16% growth rate. It is a sector that is expanding even more quickly than shampoos. Even the coconut oil market is predicted to expand by about 0–2%, while the hair oil industry has historically remained flat. In order to enter a market that had just a few competitors with names like Himsagar, Himtej, and Navratan, the market leader in hair oils with its flagship brand, Parachute, has made this decision. They want to invest a lot of money in this brand, and Triton, an advertising firm, is creating a new campaign for it. The current Shanti Amla brand of hair oil has a volume of 13% and ranks second in the amla sector, after Dabur Amla. Moreover, the corporation, together with its brands like Mediker, has a 15% market share in the entire non-coconut oil area. In fact, Mediker recently extended the reach of its Mediker shampoo brand with an anti-lice oil that had the same calming elements like neem and camphor. With a revenue of Rs 23 crore, Marico asserts that their Parachute Jasmine variety has been a success. Also, it discontinued Parachute anti-dandruff hair oil since it was not producing the required quantities.

Acquisitions and Mergers

In a merger, two businesses come together to establish a new entity

There are a lot of instances of mergers. Hindustan Lever Ltd. has amalgamated with Ponds, Lakme, Lipton, Brooke Bond India, Milk Food Ice Creams, and other companies. Additional examples are provided in the unit's lesson on mergers and acquisitions.

Joint endeavours

In a joint venture, an organisation collaborates with another business on a project that is too big for it to manage alone, like a few components of the space programme. Similar to this, firms from other nations may cooperate to get around trade restrictions on the global market or to more effectively distribute resources. For instance, General Motors Company and Japan's Fanuc Ltd. formed the joint venture GMF Robotics to manufacture industrial robots.

Strategy for Stability

A company that employs a stability strategy concentrates on its current line of business or lines of business already in place and makes an effort to sustain them in one of the following ways. Upholding the status quo by carrying on as before Sustainability is the process of giving an organisation additional skills to continue operations in a better or creative manner.

This approach is beneficial in a variety of circumstances

A major company that controls its market or markets may opt for a stability strategy in an attempt to evade regulatory restrictions or fines for monopolisation. Another company could discover that future expansion is too expensive and might have a negative impact on profits. Eventually, if there are no other viable choices available, a company in a low-growth or non-growth business may be obliged to choose a stability strategy.

Hindusthan Lever updates their Lux soap to maintain its market dominance. A press statement claims that the soap has recently been enhanced with nourishing natural elements that are clearly apparent in the soap. On a base of creamy milk cream, there are four variations: sandal saffron, fruit extracts, almond oil, and rose extracts. The last one is a brand-new and entirely distinct variation. According to the press release, these soaps are packaged in a metallic wrapping to maintain their freshness and scent for a longer amount of time than normal. The percentage of TFM (total fatty matter) has increased from 60% to 71%.

Reduction Techniques

Retrenchment strategies are frequently required when an organization's existence is in danger and it is unable to compete effectively. Turnaround, divestment, and liquidation are the three fundamental types of retrenchment.

When an organisation is underperforming but has not yet reached a critical stage, a turnaround strategy is used. Typically, this entails getting rid of products that aren't profitable, trimming the workforce, closing distribution centres, and looking for other ways to improve the organization's efficiency. In the event that the turnaround is a success, the company may then concentrate on growth tactics.

The divestment strategy entails either selling the company or forming a separate corporation from it. When a specific business doesn't fit well within the organisation or repeatedly falls short of the goals set for it, divestment is used. Additionally, divestment can be used to strengthen the organisation that is engaging in it.

Liquidation Strategy involves closure of the business, which is no longer profitable. It may be technologically obsolete or out of times with market trends.

Portfolio Restructuring

Large, diversified organisations commonly use a number of these strategies in combination. For example, an organisation may simultaneously seek growth through the acquisition of new businesses, employ a stability strategy for some of its existing businesses, and divest itself of other businesses. Clearly, formulating a consistent organisational strategy in large, diversified companies is very complicated, because a number of different business – level strategies need to be coordinated to achieve overall organisational objectives.

Business portfolio models are designed to help managers deal with this problem. Business portfolio models are tools for analysing (1) the relative position of each of an organization's businesses in its industry and (2) the relationships among all the of the organization's businesses. Two well- known approaches to developing business portfolios include: \sBoston Consulting Group (BCG) growth – share matrix, General Electric's (GE's) multi-factor portfolio matrix.

BCG's Growth – Share Matrix

The Boston Consulting Group, a leading management consulting firm, developed and popularised a strategy formulation approach called the growth – share matrix, which is shown in Figure 9-3. The basic idea underlying this approach is that a firm should have a balanced portfolio of businesses such that some generate more cash than they use and can thus support other businesses that need cash to develop and become profitable. The role of each business is determined on the basis of two factors: the growth rate of its market and the share of that market that it enjoys.

The vertical axis indicates the market growth rate, what is the annual growth percentage of the market (current or forecasted) in which the business operates. The horizontal axis indicates market share dominance or relative marker share. It is computed by dividing the firm's market share (in units) by the market share of the largest competitor). The growth – share matrix has four cells, which reflect the four possible combinations of high and low growth wit high and low market share. These cells represent particular types of businesses, each of which has a particular role to play in the overall business portfolio. The cells are labelled:

Company business that operate in a high-growth market but have low relative market share. Most businesses start off as question marks, in that they enter a high – growth market in which there is already a market leader. A question mark generally requires the infusion of a lot of funds. It has to keep adding plant, equipment, and personnel to keep up with the fast – growing market, and it wants to overtake the leader. The term question mark is well chosen, because the organisation has to think hard about whether to keep investing funds in the business or to get out.

Stars they are question – mark businesses that have become successful. A star is the market leader in a high – growth market, but it does not necessarily provide much cash. The organisation has to spend a great deal of money keeping up with the market's rate of growth and fighting off competitors' attacks. Stars are often cash using rather than cash generating Even so, they are usually profitable in time.

Cash cows Businesses in markets whose annual growth rate is less than 10 percent but that still have the largest relative market share. A cash cow is so called because it produces a lot of cash for the organisations. The organisation does not have to finance a great deal of expansion because the market's growth rate is low. And the business is a market leader, so it enjoys economies of scale and higher profit margins. The organisation uses its cash-cow businesses to pay its bills and support its other struggling businesses.

Dogs Businesses that have weak market shares in low-growth markets. They typically generate low profits or losses, although they may bring in some cash. Such businesses frequently consume more management time than they are worth and need to be phased out. However, an organisation may have good reasons to hold onto a dog, such as an expected turnaround in the market growth rate or a new chance at market leadership. After each of an organization's businesses is plotted on the growth share matrix, the next step is to evaluate whether the portfolio is healthy and well balanced. A balanced portfolio has a number of stars and cash cows and no too many questions marks or dogs. This balance is important because the organisation needs cash not only to maintain existing businesses but also to develop new businesses. Depending on the position of each business, four basic strategies can be formulated:

Build market share this strategy is appropriate for question marks that must increase their share in order to become stars. For some businesses, short-term profits may have to be forgone to gain market share and future long-term profits.

Hold market share this strategy is appropriate for cash cows with strong share positions. The cash generated by mature cash cows is critical for supporting other businesses and financing innovations. However, the cost of building share for cash cows is likely to be too high to be a profitable strategy.

Harvest Harvesting involves milking as much short-term cash from a business as possible, even allowing market share to decline if necessary. Weak cash cows that do not appear to have a promising future are candidates for harvesting, as are question marks and dogs.

Divest Divesting involves selling or liquidating a business because the resources devoted to it can be invested more profitably in other businesses. This strategy is appropriate for those dogs and question marks that are not worth investing in to improve their positions.

However the growth share matrix is not fool proof. It has the following loopholes

Focuses on balancing cash flows only but organisations are mostly interested in return on investments. Is not always clear what share of what market is relevant in the analysis. Believes that there is a strong relationship between market share and return on investment. But research proves that only a 10% change in market share is associated with only 'percent change in return on investment. The other factors like size and growth profile of the market and distinctive competences of the firm, competition etc is not considered. It does not provide direct assistance in comparing different businesses in terms of investment opportunities. For example it is difficult to decide between two question marks and decide which should be developed into a star. Offers only general strategy recommendations without specifying how to implement them.

Ge Multi-Factor Port Folio Matrix

This approach has a variety of names, including the nine -cell GE matrix, GE's nine-cell business portfolio matrix, and the market attractiveness – business strengths matrix. The basic approach is shown in Figure 9-4. Each circle in this matrix represents the entire market, and the shaded portion represents the organization's business market share. Each of an organization's businesses is plotted in the matrix on two dimensions, industry attractiveness and business strength. Each of these two major dimensions is a composite measure of a variety of factors. To use this approach, an organisation must determine what factors are most critical for defining industry attractiveness and business strength. Table below lists some of the factors that are commonly used to locate businesses on these dimensions. The next step in developing this matrix is to weight each variable on the basis of its perceived importance relative to the other factors (hence the total of the weight must be 1.0). (hence the total of the

weight must be 1.0). Then managers must indicate, on a scale of 1 to 5, how low or high their business scores on that factor.

Businesses falling in the cells that form a diagonal from lower left to upper right are medium-strength businesses that should be invested in only selectively. Businesses in the cells above and to the left of this diagonal are the strongest; they are the ones for which the company should employ an invest/grow strategy. Businesses in the cells below and to the right of the diagonal are low in overall strength and are serious candidates for a harvest/divest strategy. This approach has several advantages over the growth-share matrix.

First, it provides a mechanism for including a host of relevant variables in the process of formulating strategy. Second, as we have noted, the two dimensions of industry attractiveness and business strength are excellent criteria for rating potential business success. Third, the approach forces managers to be specific about their evaluations of the impact of particular variables on overall business success. However, the multifactor portfolio matrix also suffers some of the same limitations as the growth –share matrix.

It does not solve the problem of determining the appropriate market, and it does not offer anything more than general strategy recommendations. The measures are subjective and can be very ambiguous, particularly when one is considering different businesses.

Portfolio models provide graphical frameworks for analysing relationships among the businesses of large, diversified organisations, and they can yield useful strategy recommendations. However, no such model yet devised provides a universally accepted approach to dealing with these issues. Portfolio models should never be applied in a mechanical fashion, any conclusion they suggest must be carefully considered in the light of sound managerial judgement and experience.

Organizational project management

This standard provides guidelines for creating an organisational project management (OPM) framework. OPM entails adapting and aligning practises and processes to provide optimum support for achieving the organization's strategic objectives by means of portfolio, programme, and project management. This standard is particularly useful for organisations that do not have a unified project management approach and those in the process of improving or sustaining their current project management framework.

OPM advances organisational capability by developing and linking portfolio, programme, and project management principles and practises with organisational enablers and organisational processes to support strategic objectives. Organizational enablers are structural, cultural, technological, or human-resource practises that the performing organisation can use to achieve strategic objectives.

Intended Audience

This standard is intended for practitioners who are involved in portfolio, programme, and project management. These practitioners may include but are not limited to:

Executives with responsibility for strategy delivery in for-profit, nonprofit or government divisions, and organisational units; Executives or managers involved in the support of OPM, such as those responsible for portfolio/program/ project management offices (PMOs) or centres of excellence (COEs);

Any stakeholder involved in the leadership, management, or oversight of portfolios, programmes, and projects; any stakeholder responsible for oversight OPM governance or developing OPM-related policies.

Portfolio, programme, and project managers in leadership and liaison positions, such as functional and service delivery managers, who are responsible for OPM-related organisational capabilities.

Process and organisational change professionals (including quality and capability management maturity improvement professionals) who are involved in the design and implementation of portfolio, programme, and/or project performance improvement initiatives; Other management staff who may be responsible for oversight of portfolios, programmes, and/or projects;

Members of strategic portfolios, programmes, PMOs, and/or COEs; orFunctional managers, including those who manage portfolio, programme, and project management professionals.

This standard provides guidelines to assist organisations in identifying, assessing, and applying recognised principles, concepts, methods, and best practises in order to establish and sustain OPM capability. It is intended to enable organisations to better structure the management of their portfolios, programmes, and projects in order to achieve strategic objectives.

CHAPTER 13
OPM APPROACH

[1]Dr. Neena P.C, [2]Varalakshmi S.
[1]Associate Professor, Department of Organiztional Behaviour and Human Resource, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Associate Professor, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]dr.neenapc@cms.ac.in, [2]varalakshmi@cms.ac.in

OPM is a framework in which portfolio, programme, and project management are integrated with organisational enablers in order to achieve strategic objectives. OPM supports the appropriate balance of knowledge, processes, people, and supportive tools across all functional areas of the organisation to provide guidance for its portfolio, programme, and project management efforts. Figure 13.1 depicts a systematic OPM approach across all OPM domains that encompasses the following:

Strategy: A high-level plan designed to achieve the major goals using internal and external resources from the organisation in an effective and efficient manner. Strategic planning is the process of formulating and implementing decisions about an organization's future direction.

Portfolio value decisions: Used to effectively select the initiatives in the portfolio that will support the strategy of the organisation to achieve the established major long-term objectives.

Programs and projects: Used for effective and efficient execution of initiatives aligned with strategies intended to deliver predictable business value.

Operations: Operationalizes the initiatives and measures the business value through a benefits realisation process.

Portfolio review and adjustments: Aligns strategy and organisational resources through a disciplined business value decision process to reflect internal and external changing conditions.

Business impact analysis: Analyzes the impact and value from the programmes and projects that were implemented and incorporates business results data into the portfolio.

Value performance analysis: Provides business value realisation data from business value fulfilment back to the strategy of the organisation.

Organizational environment: Represents the organisational governance, policies, organisational culture and supporting practises of the organisation that are created to support OPM and organisational strategy delivery.

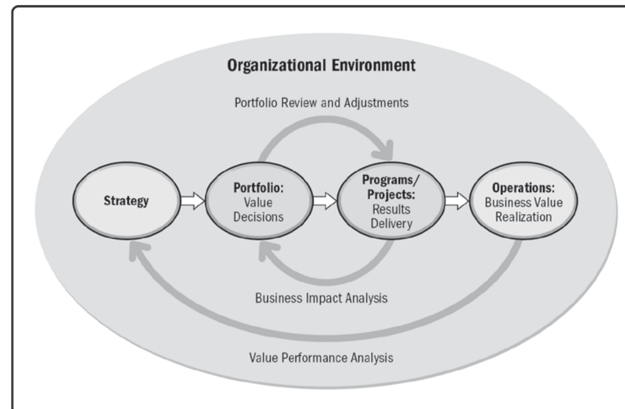

Figure 13.1. Organizational Project Management

Each OPM method includes a number of procedures that translate into certain competencies that a company should have in order to increase maturity and execute strategy more successfully. The firm also need an environment with proven OPM capabilities to support executing its plan and adding value. Each business must decide which capabilities are required to implement its plan since OPM specifies a wide range of competencies. For instance, a bank in one nation may not need the same skills as a bank in another nation or the same capabilities as a company that develops software. To produce consistent outcomes that are in line with the strategic goals, OPM is based on carrying out portfolio, programme, and project management along with supporting business process and improvement activities carried out in the proper way. A strategy execution framework's support for business or process improvement activities does not guarantee the delivery of improved outcomes. In order to accomplish strategic goals, strategy execution should be matched with the right combination of experienced individuals utilising established procedures.

Principles of OPM

Companies have difficulties when they work to become better. In order to accomplish their goals successfully, organisations must utilise their resources wisely.

OPM is founded on the following tenets in order to help businesses produce value:

Conformity to organisational strategy.

The organisational strategy should be publicly and quantitatively supported by all portfolios, initiatives, and projects.

Compatibility with organisational enablers Portfolio, programme, and project delivery success depends on prompt collaboration from all disciplines that are directly or indirectly engaged.

Execution and delivery consistency: Each permitted portfolio, programme, and project must be carried out and delivered consistently, within the bounds of governance and methodology, in a morally and competently way.

Integrating an organization: Portfolio, programme, and project delivery success depends on timely cooperation and participation from all organization's stakeholders in addition to leadership support.

Value to the company: Working and investing within the OPM paradigm produces goods, services, outcomes, or benefits that surpass operating expenses.

Continual improvement tracking and recording the formal and informal knowledge, expertise, and experience that workers pick up while carrying out their regular tasks.

Structure of the Organization

In many businesses, defined procedures and governance frameworks are used to achieve strategic goals. Executives choose which initiatives and projects to invest in based on their likelihood to help the firm accomplish its strategic goals. Based on the organization's risk tolerance, resource limitations, and knowledge base, these judgements are made i.e., people, knowledge, and funding.

Organizations must be aware of the numerous project-based organisational models that may be used to suit varied conditions, even as executives, managers, and project management professionals strive for better outcomes via tactics that are put into practise. The availability of resources and the way that projects are carried out may both be impacted by organisational structures, which can historically be of many different sorts (e.g., organic, functional, matrix, project-oriented, virtual, or hybrid).

The organisational structure has an impact on the environment in which the project will operate. To guarantee adequate resource allocation, appropriate methodologies, and right policies to support the delivery of the projected business plan value, several structures should be taken into consideration. Project teams that are cross-functional are necessary for OPM implementation. Team members should be accessible when the project begins, and the functional manager should encourage their involvement on the project team while taking organisational structure into account.

For portfolio, programme, and project management to be successful, intentional planning and execution are needed. In order to manage and take advantage of the project execution's dynamic character, this calls for the implementation of strategy, leadership, objectives, procedures, skills, systems, problem resolution, complexity navigation, risk reduction, and structure. Project management's capacity to consistently and effectively deliver is frequently disregarded when strategy is transferred from the boardroom to operations. The strategic alignment should have a cross-functional dynamic regardless of the organisation type—organic, functional, multidivisional, matrix, or project-oriented, virtual, or hybrid. To achieve the goal, members in all functional areas must follow the project and programme teams' instructions.

The usual manner of working will alter, assuming the company is not project-oriented:

Although still reporting to a functional area, employees will work on projects as a temporary assignment.

Business functions will produce a new generation of project managers

There will be a lot more modifications

A governance-focused enterprise project management office (EPMO) is one of the structures that enterprises must develop in order to adapt to these changes. Organizations should be able to encourage OPM implementation with the help of these structures. When implemented, an EPMO seeks to ensure that the portfolio projects are strategically aligned with the goals. To regulate operations and adjustments to performance goals and benefits management, the EPMO offers governance, structure, process, and procedures. The administration of portfolios, programmes, and projects, as well as other operational and support tasks, such customer service or technical assistance, need an integrated leadership, management, and supporting environment. The management of the operational portion of the organisation should be closely integrated with the EPMO's planning, execution, and monitoring

procedures. This will contribute to ensuring that programme and project activities are properly balanced with business operations, including making the best use of the organization's resources.

Successful organisations use methods to manage change effectively, hire qualified project managers, and deliver projects that meet strategic objectives. These practises include aligning portfolio, programme, and project management practises to the strategy, giving executive's visibility into projects, and using active executive sponsors on projects.

Framework for OPM

In support of organisational strategy, the OPM framework encourages project and business management balance and synchronisation (see Figure 13.2). To become a priority for management and OPM practitioners, the OPM framework has to be clearly supported and effectively conveyed across the business.

Figure 13.2. OPM Framework

The OPM framework serves as the foundation for OPM implementation to assist the company in allocating resources to meet its strategic goals. To understand OPM, it is crucial to comprehend the connections between portfolios, programmes, and projects. A portfolio is a combination of projects, initiatives, subsidiary portfolios, and activities that are managed together in order to accomplish strategic goals.

Programs are made up of connected projects, subsidiary programmes, and programme activities that are coordinated to achieve advantages that would not be possible if they were handled separately. A portfolio still includes specific initiatives that are either within or outside of a programme. A portfolio's initiatives or programmes are connected to the organization's strategic plan via the portfolio plan, even if they may not always be interdependent or directly related. Figure 13.3 illustrates the linkage between the portfolio and organisational strategy as well as the connections between individual projects, programmes, and portfolios.

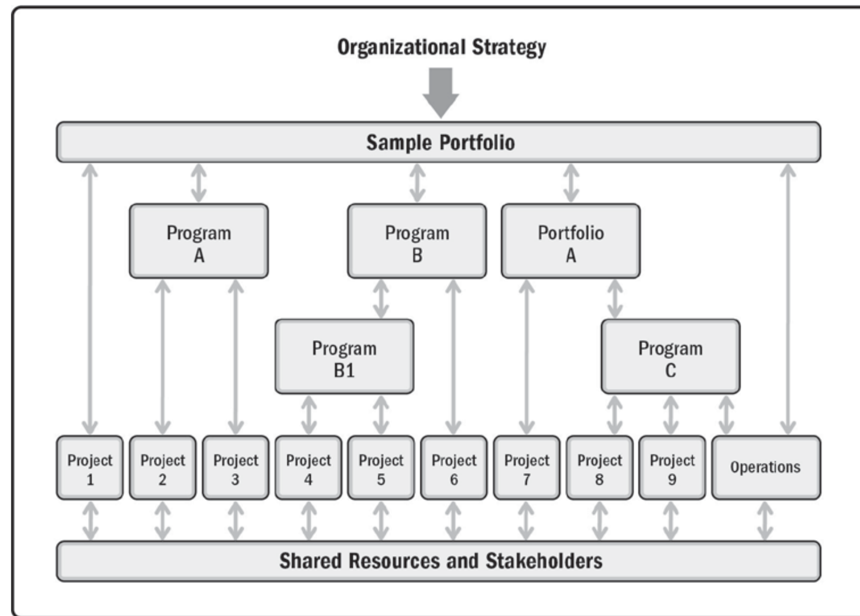

Figure 13.3. Portfolio, Program, and Project Management Interactions

Programs and projects are prioritised and chosen as part of organisational planning based on factors important to the organization's strategic goal. The alignment of the portfolio and the future performance of programmes and projects depend heavily on aspects including resource availability, risk considerations, line of business, anticipated benefits, and kinds of initiatives, finance, market analysis, and direction of short- and long-term vision.

OPM became necessary as project management knowledge and techniques evolved. The development of the PMO and EPMO, as well as the use of best practises and standards, have improved our comprehension of programme and portfolio management. The OPM framework allows for adaptability to methodology and strategies. A single technique may not be the best option in conventional project management since portfolios, programmes, and projects have different natures. The optimum option for a certain portfolio, programme, or project should be chosen from a collection of methods that should be established.

Within the OPM framework of the company, it is often beneficial to employ several ways (methodologies) for carrying out portfolios, programmes, and projects in order to provide or accomplish the anticipated strategic goals and advantages. The OPM methodology should: Promote method selection and provide advice on picking the best strategy. Adapt to changes in the OPM framework brought on by, among other things, threats from inside and outside, the acquisition of new capabilities, new laws, and shifting geopolitical conditions in the marketplace. Processes like governance, change management, and process management help define the portfolio and how it must change in order to maintain strategy alignment; these procedures support the OPM framework. The portfolio's execution strategy is determined by the OPM methodology. The OPM framework gives the company the ability to manage and track development so that projects and programmes provide the desired results.

Opm's Organizational Benefits

OPM encourages the successful blending of portfolio, programme, and project management with business goals and procedures in order to execute strategy that creates value for the company. Figure 13.4 illustrates further prospective advantages.

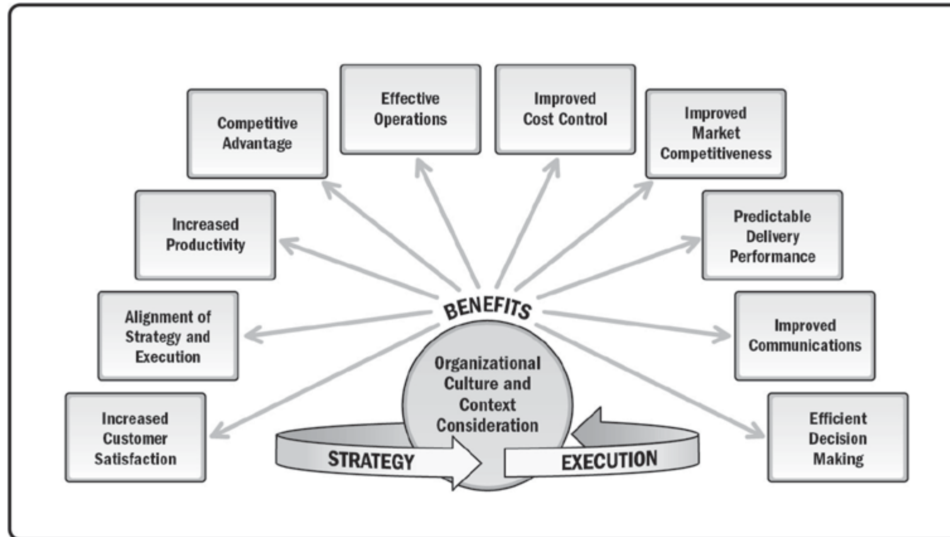

Figure 13.4. Potential OPM Benefits for Organizations

Advantages often increase gradually. The selection, advancement, and realisation of anticipated advantages by investing in OPM practises should be taken into account and planned for by executives in order to provide improved business results and enduring long-term corporate value. This investment is even more crucial during recessions since following project management techniques and strategies lowers risks, lowers expenses, and boosts success rates—all of which are essential for surviving a downturn. Operations will be coordinated and integrated by the organisational change team and OPM integrator in a way that both achieves and maintains benefits.

The high-level inputs and results of applying this standard are shown in Figure 13.5. This standard is meant to help executives create or enhance an organisational portfolio, programme, and project management framework that incorporates the business model of the organisation, enterprise environmental factors (EEF), organisational process assets (OPA), and generally accepted portfolio, programme, and project management standards.

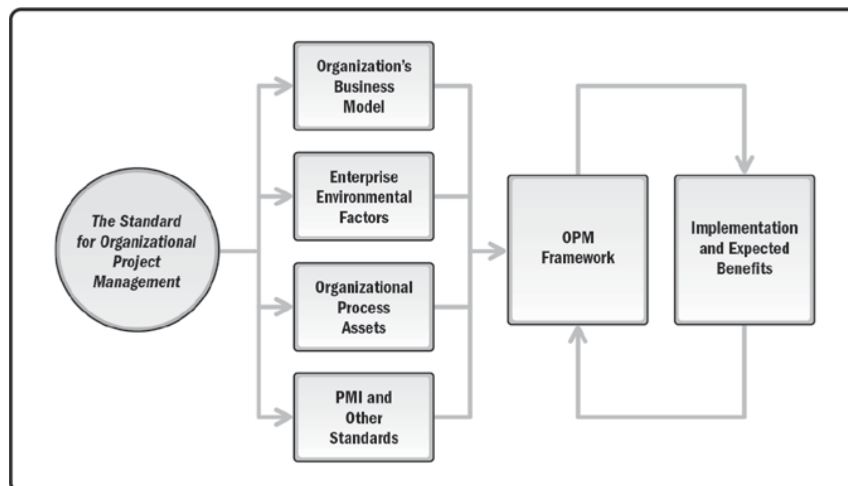

Figure 13.5. General Flow and Intended Outcomes of Using This Standard

The purpose of PMI standards is to inform and instruct in the use of standards and/or best practises for project management. Offering recommendations that are compatible with OPM

maturity models, which may be used to identify capacity gaps between the organization's present state and the planned future state, is one of the standard's main goals.

Defining capabilities as a grouping of the people, procedures, and tools that a company uses to offer OPM;

Directing a company to create a knowledge-based capability in accordance with market or industry demands; and

Giving a company the bare minimum of expertise needed to advance in a strategic path.

Portfolio, Program, and Project Management and OPM Relations

It is crucial to comprehend portfolio, programme, and project management, as well as the parallels and divergences across these disciplines, in order to comprehend how they relate to OPM. Project, programme, and portfolio management all follow or are influenced by organisational strategy. Nevertheless, in order to accomplish strategic goals and objectives, portfolio, programme, and project management interact at several levels:

Portfolio administration: By choosing the relevant projects or programmes, setting priorities for the work, and allocating the required resources, portfolio management works in accordance with organisational strategy.

Programme administration: In order to achieve specific advantages, programme management coordinates its programme and project components, oversees transformational change, and regulates interdependencies.

Project administration: In order to accomplish a given scope, project management creates and puts into action plans that are motivated by the goals of the portfolio or programme to which it is exposed and, ultimately, by organisational strategies.

OPM: By connecting portfolio, programme, and project management concepts and practises with organisational enablers (such as structural, cultural, technical, and human resource practises) to support strategic goals, OPM strengthens organisational capabilities. An organisation assesses its capabilities before planning and putting changes into action to consistently follow best practises that are suitable for its goal for change and intended future state. Refer to the Glossary at the end of this standard for definitions of these terms.

Strategy for the Organization

OPM coordinates, aligns, and implements portfolio, programme, and project activities to achieve the organization's strategic goals while bridging the gap between the organization's vision and purpose. One of the primary tasks that forms the basis for an OPM implementation is comprehending the organisational strategy. Understanding the company's strategy lays the groundwork for knowing where the organisation is going and how it plans to get there. Consistently achieving the anticipated strategy goals and benefits is a shared corporate ambition. The difficulty of coordinating the activities of business units with the organization's overall mission goals serves as the impetus for the adoption of project management frameworks, procedures, and practises.

Being a business unit role within the organisational structure, OPM enables the integration of project management approaches with business and operational operations. Many firms strive to achieve their strategic goals by continuously completing projects that provide the required results. It may be challenging for many businesses to maintain business unit alignment with corporate/business ambitions, objectives, and the organization's guiding principles and purpose. This is one of the motivating factors pushing businesses to adopt and harmonise project management procedures across the board. How to integrate project management as a

business function and culture into the organisational structure is a difficulty, as is integrating project management into daily business activities. Projects play a crucial role in company since they provide advantages that help accomplish strategic goals and raise stakeholder and consumer satisfaction. Organizations may more effectively apply project management strategies, procedures, and principles with the aid of strategic alignment. A company's time to market, cost to market, quality to market, and consumers' perception of the company as a global leader may all be significantly impacted by this. Management of strategically aligned initiatives has a substantial influence on accomplishing organisational strategy, and executives and business unit heads need to understand this. The right use of certain project management methods, knowledge, skills, tools, and methodologies determines their capacity to manage projects effectively. Establishing ownership and administration of project management processes throughout the business makes sense, for these reasons.

Maturity Models for OPM

OPM maturity models are often mentioned as instruments for gauging an organization's adoption and consistent use of project management best practises that support the achievement of strategic goals. An action that is deemed efficient, adds value to the company that uses it, and advances OPM maturity is referred to as a recommended practise. Organizational lessons learned and international standards are the usual sources for suggested practises. Implementing best practises is only the beginning of a process' maturity. Furthering these processes without assuring their continual improvement might lead to procedures that do not suit their intended use, are not consistently followed, or do not provide the desired value. To talk about maturity models further

OPM and MO

Program and project management offices are organisational structures that promote the exchange of resources, methods, tools, and procedures as well as the standardisation of governance processes linked to programmes and projects. A PMO is a corporate entity tasked with a number of duties pertaining to the centralised and coordinated administration of the programmes and projects that fall within its purview. The PMO oversees the right strategic alignment of portfolios, programmes, and projects during an OPM implementation and reports the outcomes in corporate assessment systems like the balanced scorecard. As organisational strategy changes, a PMO may be given the power to serve as an executive stakeholder and a key decision maker.

They may also be given the right to take additional necessary steps to maintain programmes and projects in line with company goals. The PMO may also be engaged in the choice, administration, and deployment of shared or specific project resources. The following are just a few examples of a PMO's major duties: Direct reporting to executives, apart from other organisational functional areas; integrating the use of project management techniques with day-to-day company operations via supervision, training, coaching, and mentoring; coordinating portfolio management tasks and ensuring organisational strategy, projects, and programmes are in sync; arranging for communication between various initiatives and activities; creating and maintaining organisational process assets, such as project policies, processes, templates, and other project documents; identifying and creating standards, suggested practises, and project management techniques; Managing shared resources across all projects managed by the PMO; Enlisting the community of portfolio, programme, and project managers and ensuring their participation in ongoing OPM framework improvement; and Monitoring compliance with project management standards, policies, procedures, and templates through project audits centrally coordinating changes and keeping track of risks and problems.

Office of Enterprise Project Management (EPMO)

The highest-level PMO inside an organisation is the enterprise/organization PMO (EPMO). This PMO is often in charge of completing portfolio management tasks to assure strategy alignment and benefits realisation, as well as (a) aligning programme and project activity with corporate strategy, (b) developing and ensuring adequate enterprise governance, and (c). The EPMO may implement governance at the corporate level and may include assistance for strategic planning and strategy development. Other PMOs at a lower level may be directly under the EPMO's control or influence. The EPMO may also be in charge of coordinating governance and reporting, assisting data management, and carrying out administrative tasks to assist the project or programme team. Further, crucial responsibilities of the EPMO include managing several parties and maintaining constant communication.

Stakeholders in OPM

The early identification and involvement of stakeholders is a key project success component. Individuals, people, or organisations that might have an impact on, are impacted by, or believe they have an impact on a portfolio, programme, or project are considered stakeholders. Many stakeholders provide insightful feedback and are essential to the success of any programme or initiative. Depending on the advantages or dangers they see, they may also be motivated to have a favourable or negative influence on the accomplishment of the project's goals. Hence, it is crucial to identify the important stakeholders, taking into account their roles, levels of influence, sources of funding, and sources of power. There are both internal and external stakeholders in a company. Internal stakeholders may be found at any level of the organisational structure inside a company.

Important parties involved in an OPM endeavour include, but are not limited to:

Executives. Executives in the company communicate the strategy with the PMO and project management teams in order to effectively execute OPM by aligning the whole business strategy at a portfolio level.

OPM's governing body: the team in charge of leading the OPM organisation, ensuring that the organization's objectives are met, making crucial choices, and offering assistance in resolving risks and problems.

OPM supporter: a person or organisation responsible for the OPM initiative's overall success and who offers resources and assistance.

OPM client: a person or group that encourages the adoption of new OPM capabilities and supports the investment in capability delivery, such as business unit managers or programme and project sponsors.

OPM professionals: subject matter specialists in the evaluation and use of OPM. They assist businesses in evaluating their project management capabilities and creating an implementation strategy that focuses on the best practises to execute in light of the organization's goals, realizability, advantages, and costs.

A successful company

The team carrying out the task

PMO/EPMO. Several duties linked to the centralization, coordination, and strategic alignment of portfolios, programmes, and projects were delegated to an organisational body.

Project/program/portfolio managers. Those in charge of running programmes, initiatives, and portfolios. In order to accomplish the anticipated organisational advantages connected to the

strategic goals, they are in charge of driving the transition to the new future state and its operational acceptance.

Supplier:A person or business that offers the organisation products and services.

Beneficiary: a person or group who gains by making use of the increased skills.

Authority under statute and regulation: local, national, or regional rules and regulations that have an impact on the project.

Competitor: a company that may stifle the organization's commercial or economic activity.

Prospective client: a person or organisation that has the potential to buy goods and/or services from a business.

Essential Concepts

OPM Investments that Add Value

On the basis of serious challenges inside the company, organisations often invest in various parts of project management. In order to prevent the next large problem or demonstrate progress since the last significant issue, these significant issues spark discussions about project management and minor tactical expenditures. These tactical expenditures include things like: Temporary resource increase; project management training; and tool installation.

Despite the fact that each of these tactical solutions contributes to progress on some level and could result in some short-term incremental gains, these solutions often fail to address the core problems that an organisation is dealing with. Businesses under crisis may experience market share loss, sale or acquisition, as well as threats or punishment from the government. These tactical solutions promote project success on an individual basis as opposed to project success when implementing organisational strategy. When a company invests in OPM, it can prevent problems before they arise and deal with them head-on, supporting the company as a whole rather than just the projects. A project is fundamentally a management shift. OPM creates dynamic organisations that handle change well. The organization's strategic goals and business drivers must be carefully taken into account before investing in organisational project management: Gaining control over project budget and value created is important for organisations looking for an operational efficiency plan. Businesses with a customer intimacy strategy should better coordinate their marketing and delivery teams. Time to market, innovation, creativity, and human resources are things that businesses with a product innovation strategy should be concerned about. Companies seeking economic expansion should place a strong emphasis on value realisations such expansion, improved brand reputation, market share, and customer retention. OPM transforms the investment strategy from one that is reactive to one that is proactive and focuses on generating value for the company. Such an endeavour might involve a large amount of change management. Organizations who adopt this investment strategy, as opposed to those that utilise tactical or crisis-driven methods, reap the rewards of proactive alignment with strategy and superior strategic execution.

Enterprise Value

The net measurable benefit resulting from a business initiative is what PMI refers to as business value. The advantage might be material, immaterial, or even both. After doing a business analysis, organisations provide value by using their business models effectively. Although some organisations do this via operations, others do it through initiatives. Organizations have the power to expand their potential to generate value and, in some situations, directly boost the efficacy and efficiency of the value creation itself via the

efficient use of portfolio, programme, and project management. To do this and fully use the expected business model, trustworthy, proven OPM procedures are used to reach strategic goals. All organisations, whether they are part of the government, nonprofits, or for-profit businesses, concentrate on generating business value from their operations. The process of realising business value starts with thorough strategic planning and management. Organizational strategy, which includes an emphasis on markets, competition, and other external elements, is articulated via the organization's vision and purpose. A successful organisational strategy offers clear routes for expansion and development as well as success indicators. Techniques for portfolio, programme, and project management are crucial for closing the gap between organisational strategy and the realisation of corporate value. The alignment of these portfolio, programme, and project management tasks may be further facilitated by organisations by enhancing organisational enablers such structural, cultural, technical, and human resource practises. By regularly doing portfolio strategy alignment and optimization, conducting business impact analysis, and creating strong organisational enablers, organisations may accomplish effective transitions.

Business Case OPM

Making a business case is crucial to creating an OPM framework. Chief Executive Officers (CEOs) and their leadership teams, together with important stakeholders, need the specifics to explain why an OPM framework is required and what business issues it would avoid or cure in order to win support for OPM implementation. A description of the features of an OPM framework, in which there may be numerous variants, should also be included in the business case. The OPM characteristics may be specified after the business's requirements and difficulties have been identified. Further statistics and facts that support the concept assist drive home the importance of OPM in implementing organisational strategy. The present reciprocal effects of programmes, initiatives, and other organisational business activities should also be confirmed via this examination.

Understanding the present situation is crucial to bolstering the business case, just as with any change to an organisation. The way that programmes and projects are now delivered, as well as any problems or deficiencies, should be understood by executives. This supports the need for change and demonstrates how OPM may enhance portfolio, programme, and project delivery and outcomes to support the organization's strategic objectives. Defining key performance indicators is the last element in a business case for OPM (KPIs). Common KPIs include measurements and metrics that contrast the present state with the desired future state, the quality of the work produced, and overall project management, including sponsor involvement.

Sponsorship By OPM

The formation of sponsorship and the established expectations and conduct required by the organization's leaders depend on clearly expressed expectations. For the OPM to be implemented successfully, sponsorship is necessary. The most successful companies understand the importance of portfolio, programme, and project management in all they do to ensure that the organisational strategy is successfully carried out. For this reason, many firms also set up OPM with the appropriate managerial authority, support, resources, and tools inside the operational framework of the company. Executives must comprehend OPM and how it directly affects their capacity to accomplish the strategic goals of the company. Executives should actively promote OPM and make sure that everyone in the company understands their support for it. OPM requires a comprehensive framework with clear direction, governance, and support in order to foster a culture of project management and maximise the commercial value OPM offers to the firm. Teams

working on portfolios, programmes, or projects need to have access to executives, appropriate funding, and qualified people. The business case must include these expectations for sponsorship, and more particularly, it must include the important choices that CEOs are expected to make.

CHAPTER 14
OPM BUSINESS CASE COMPONENTS

[1]Dr. Urmila Itam, [2]Sunitha B K.
[1]Assistant Professor, Department of Organiztional Behaviour and Human Resource, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]Assistant Professor and Hod, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]dr.urmilaitam@cms.ac.in, [2]sunitha@cms.ac.in

Setting up OPM does not, by itself, make carrying out an organisational plan more successful. How OPM is implemented, maintained, and which areas are given improved priority are key considerations. This establishes how well an organisation executes its initiatives and programmes. When the advantages obtained for the programmes and supporting initiatives are recorded with safeguards in place, OPM has a bigger impact and is more effective. This involves actions like preparing for change, assessing its advantages, and planning that enhances delivery. While introducing OPM (or expanding its function, if it currently exists), it is critical that the organisation and sponsoring body have a clear understanding of the costs and performance enhancement goals.

Advantages Sustainment

Benefits sustainment's goal is to make sure that the original benefits have been transferred to the right organisations or following initiatives that will oversee the continuing post-transition activity. After the founding OPM programme closes, another entity may take over maintenance of the benefits offered by the programme. Through operations, upkeep, new projects and/or programmes, or other initiatives, benefits are maintained. Prior to programme conclusion, a benefits sustainment strategy should be created and management set up to identify the risks, procedures, measurements, and tools required to guarantee the ongoing realisation of the benefits promised. When the original programme is running, the sponsor, programme manager, and other stakeholders should prepare for continuous maintenance of programme benefits. The real work to make sure gains are sustained is often done after the original programme has ended and is beyond the purview of the individual component initiatives. The programme manager is in charge of organising post-transition activities while the programme is being carried out, even while a recipient (individual, organisation, or benefit group) undertakes work after the programme finishes. A PMO or other comparable group is often a crucial element in maintaining the advantages of OPM adoption. The governance of OPM and the organisation is connected to this framework.

OPM Business Case Components

Key components of the business case include facts and data, including past events and estimates of future trends. The business case for implementing OPM is supported by both internal and external data. The development of the business case for an OPM implementation benefits from the use of internal success stories. The significance of portfolio, programme, and project management in an organization's effective implementation of its strategy is emphasised in these anecdotes. Building the business case for OPM might also benefit from analysis of mistakes made in the past and/or

failures. Concretizing the lessons learned from inefficiency and/or prior mistakes is crucial. Examples could be (a) the costs of doubling resources used on projects (such as software licences, underutilised equipment, or experts), (b) recurrent errors or disruptions in crucial operations, (c) fines or warranty costs brought on by subpar project execution, and (d) consulting in fields where the organisation already has extensive experience. Reducing these harmful circumstances often yields a noticeable return on OPM investment. It is crucial to stress in the business case that outcomes in one area of the company may be applied to others. The effectiveness of recently concluded initiatives and programmes in advancing organisational strategy should also be highlighted in the business case. Other executives will be interested in obtaining similar outcomes for their areas of company when these findings are shared in the business case. This is a crucial factor in the organization's need for an OPM implementation. There are additional other data sources accessible to enhance the development of the OPM business case. Data on the ROI (return on investment) on standardised methodologies, practises, procedures, and advantages obtained is available from PMI and other organisations. Using outside data further supports the argument for forming OPM.

Setting a Groundwork for the Business Case

Executives may better perceive the organization's maturity level by creating a baseline for existing project management maturity as part of the business case. In order to develop a strategy to address the gaps in procedures, tools, and behaviour, a baseline assessment enables each section of the business to understand the present status of its project management maturity. A simple examination included in Appendix X3 is helpful in identifying any repeatable project management procedures in the company.

Framework for OPM

The components necessary to provide continuing assistance are described in the organisational project management (OPM) framework. In terms of the fundamental components of methodology, knowledge management, and talent management, this section describes the framework. A suitable governance structure is also essential for success in order to improve OPM to assist the achievement of an organization's plan. The following are the main components of the OPM framework (Figure 3-1):

OPM procedures:

The OPM's set of processes, methods, practises, and norms.

Knowledge administration: The development, exchange, and application of experience, values, and beliefs; contextual data; intuition; and insights to answer organisational requirements. Management of talent: The strategy used by a business to keep and develop its employees in terms of knowledge, performance, and personal competency in order to maximise the possibility of producing results that satisfy stakeholders.

An Opm Framework's Composite Parts inside the Organization

The organisational project management (OPM) framework is discussed in this part, along with the customization of OPM components including methodology, knowledge management, talent management, and governance. OPM techniques, with reference to Section 3.2, are project management methodologies created for individuals who work in project management inside a particular company. When it comes to portfolio, programme, and/or project management, OPM approaches are intended to provide guidance, information, and instructions that are pertinent to the individual organisational demands, situations, and goals. OPM approaches may also be thought of as collections of

connected project management procedures and techniques. OPM techniques aim to improve project effectiveness and efficiency while also raising the likelihood of project success. In order to achieve results, advantages, and control that cannot be attained by using tools, techniques, and methodologies separately, organisations apply and utilise OPM approaches in a coordinated manner. Organizations from diverse industries, functional areas, geographical locations, and cultural backgrounds build, run (i.e., apply), maintain, and improve OPM processes in order to benefit the company, its projects, and its clients. OPM methodologies are frequently used for the following purposes: Creating a standard method of working on projects, Giving projects structure, Standardizing projects and ensuring consistency, Providing a common language and vocabulary for projects, Improving the quality of project management, Disseminating best practises and lessons learned (i.e., preventing "reinventing the wheel"), Defining roles and responsibilities, and Facilitating efficient collaboration between teams and departments.

Organizations may use OPM methodologies for a variety of reasons, including but not limited to: evaluating and comparing project issues, exchanging and sharing project staff, maintaining reputation and assisting in sales and marketing, and reasons related to sector, industry, business areas, and/or the organisation itself.By defining and integrating those portfolio, programme, and/or project methodology components thought to be most likely to provide the desired results, organisations create and enhance OPM methods. OPM methodologies are more intricate than just assembling methodology's constituent parts. The full potential of OPM approaches is realised when components are coordinated and connected.

Adapting and Using Opm Techniques

Every OPM methodology has to be customised as part of the initial work that establishes it and as part of the continuous effort that keeps it up to date. The development process known as "tailoring" involves improving OPM approaches to better match the company history, culture, and conditions as well as to better provide the desired results. When an OPM methodology is created, tailoring makes sure that (a) the right foundation is chosen for the methodology to be built upon, and (b) the right methodology components and contents are chosen to provide the desired results. The capacity of the resultant methodology to provide the desired results is likely to be constrained unless the proper customization is done when the OPM methodology is formed. Tailoring makes ensuring that the methodology's components and aspects are preserved and improved as part of the methodology maintenance process so that the methodology continues to provide the anticipated results and is appropriate for the organisational contexts and conditions. Regardless of how well it has worked so far, the resultant OPM approach could not provide the desired results in the long run without the proper tweaking. OPM methodology customization often provides congruence with corporate contexts and conditions. Unfortunately, customization seldom succeeds in offering approaches that perfectly suit the requirements of particular projects. The OPM techniques should be applied to portfolios, programmes, and projects in ways that, within bounds, best meet their unique requirements. Using OPM methodology may include actions including modifying components of the methodology (such as tools, procedures, and working methods) that are deemed appropriate for the task at hand. Choosing how to use OPM technique should happen at a project's planning stage.

Information Management

Knowledge management refers to the intentional and targeted efforts made by an organisation to create, gather, organise, analyse, and share its knowledge in terms of

resources, documentation, and human capital. Knowledge management is a process that includes giving knowledge and context in order to improve decision-making and the capacity for action. To ensure consistency in execution and delivery in line with the established OPM principles, it is crucial that the knowledge management method be in line with the OPM model.

Management of Knowledge for OPM

OPM is the organization's functional domains' support for the integration of people, knowledge, and processes. OPM works to provide its portfolio, programme, and project management efforts by supporting the proper balance across people, knowledge, and procedures along with assisting tools. Knowledge management under the OPM framework often focuses on organisational goals like:

Organization-wide goals

Knowledge management's primary goal is to promote continuous corporate learning. Increased awareness and the addition of relevant information are results of organisational learning. The foundation of organisational learning is the acquisition of information through circumstances and their results. Additional organisational learning goals might consist of the following in the context of organisational project management: Enhanced performance refers to the accomplishment of project goals and the realisation of the intended value. This covers how well people, systems, processes, and technologies perform.

Advancement: Refers to the gathering of ideas, their development, prioritising, and project execution in order to promote the achievement of an organization's goals.

Sharing knowledge gained: Capturing lessons, examining effects, and making adjustments are essential for maximising organisational project management's effectiveness and knowledge management.

Integration: Refers to integrating OPM knowledge management activities in line with the knowledge management objective of the whole business. To prevent disobedience or inconsistencies, there must be some degree of alignment.

Ongoing development of the organization: Focusing on continuous improvement will ensure that the learning process is ongoing and that knowledge management is more accepted across the business.

Life Cycle of Knowledge Management

Knowledge management should include the whole knowledge management life cycle in order to reap the advantages. Its life cycle includes the creation of knowledge and the effective application of knowledge to practical organisational objective. Three areas should be the main emphasis of knowledge management.Documentation. The paperwork needed to facilitate OPM knowledge augmentation is provided here. This documentation could already be available or still need to be written. Examples include new documentation, changes to existing documentation, and current documentation.

Resources. These are the resources required to conduct training, provide supplementary materials, make updates, and assist in informing users of the information they need. Trainers, writers of user manuals, owners of documentation updates, and authors of documentation are a few examples.Individual education. This is about people improving their knowledge, which is necessary to make organisational project management successful (Figure 14.1). Training, tools, procedures, and measure improvements are some examples.

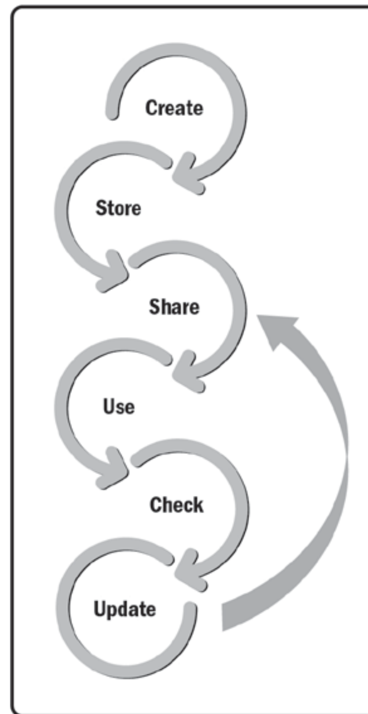

Figure 14.1. Knowledge Management Life Cycle

Make Knowledge-Based Content

An evaluation is advised when developing knowledge management to help OPM to evaluate what information already exists that can be used and to identify any gaps where skills need to be developed. To support the transition and continued value that OPM offers to a business, knowledge creation is essential. Both implicit and explicit information might be considered existing assets. This information is derived from how portfolio, programme, and/or project management has been carried out in the past. This tacit knowledge would exist if it were not explicitly recorded and would need to be retrieved as part of the knowledge generation process in order to be utilised in later stages of the knowledge management life cycle.

Spotlight Knowledge

Making the proper information accessible to the proper individuals at the proper time, in the proper manner, and with the proper frequency is what knowledge sharing is all about. Those who are looking for particular information should be able to express their needs. People should be made aware of the knowledge's existence and given instructions on how to use and put it to use.

Retain Knowledge Content

Knowledge has to be archived and arranged in a central location that is accessible to the right individuals. The goal is to arrange information in a manner that satisfies organisational goals and direct users to the locations of the information.

Knowledge Content Use

The development of OPM and the worth of the knowledge produced depend on the usage of knowledge management. It is crucial to instruct staff members on how to make the

most of knowledge management resources, provide advice on which lessons to put into practise, and encourage information sharing.

Knowledge Content Update

To reflect the OPM model's growth and organisational requirements, knowledge management assets should be updated on a regular basis. When knowledge management assets are not maintained, employee search for more knowledge inputs causes behaviours to regress and discrepancies to become apparent. Constant input is used to improve knowledge management assets, promoting more uniformity within the business. In order to produce or improve assets, OPM should also explicitly express knowledge gaps and establish expectations where questions and recommendations are welcomed. On the other hand, outmoded assets need to be retired.

World-Class Learning Setting

The first step on every organization's path to gaining the advantages of OPM is building a world-class learning environment. Generating a need for knowledge and information is one aspect of this kind of learning environment.

Easy navigation and access to the information you need,procedures that are clearly documented, training films, and other resources and technologies that improve learning and allow stakeholders to create their own learning environments,

Opportunities and settings to put what is being taught into practise,opportunity to work together in a focused community with participation from subject-matter experts, and

Support from the organisation for knowledge application that reinforces habits and fosters the desire for lifelong learning

Measuring Knowledge Management's Effect

Measurements must to be driven by business outcomes. The company should choose the top three to five metrics that directly support OPM strategy out of those that can be monitored. A useful indicator that represents organisational maturity is measuring current state performance and reassessing to ascertain the path and speed at which the organisation is absorbing learnings.

Development of Talent

The majority of firms have a method for evaluating employee performance and giving constructive criticism. This task is carried out by a centralised function in many businesses. This task monitors the advancement of the project management industry, and it may or may not be connected to procedures for reviewing promotions or pay. This approach is often used by businesses to guarantee that they recruit and retain the right employees. It is important to have assurance that the organization's review procedure supports the portfolio, programme, and project managers' professional growth and does not contradict with it. This is crucial when asking for performance evaluation in light of the organization's review cycle and procedure. Feedback that may indicate that competence is being applied should be sought out and recorded. The promotion procedure at a company should be in line with the standards established for the job role and job level. Every current procedure has to be taken into account and modified in accordance with the specific duties, experience, knowledge, abilities, and education that the company requires. Prior to approving a promotion, it is wise to look for proof that competencies have been proven. The Project Manager Competence Development Framework has further information to substantiate this. Many variables should be taken

into account when deciding how to adopt a talent management or competence framework for project management inside a company, including the following:

Needs both now and in the future. The company has to be aware of the competencies required for its future personnel requirements. A roadmap may be created by the organisation to address these needs.

Political and geographic variables: Work councils and local laws or legal requirements are examples of this.

Coaching and mentoring: If a business currently employs a mentoring or coaching strategy, it must be in line with the demands of project management.

Education and development: The portfolio, programme, and project management training and development method used by a company must be integrated with the techniques used for other disciplines. A role-based training programme may be helpful in pointing people in the direction of the best suitable training for both their immediate requirements and to support their future career goals.

Culture: Cultural sensitivity should be taken into account.

Constant development: This is crucial for the continuous expansion and advancement of the project management professional community.

An evaluation approach is necessary to identify an individual's development requirements as well as areas where they may be able to serve as coaches and/or mentors. This may either be (a) a formal self-evaluation where input from those who supervise or work with the person is obtained, or (b) a capacity assessment conducted by an outside third party. In many workplaces, a 360-degree evaluation is used to solicit and compile input from peers, team members, and management. There are drawbacks to this approach, however, since less experienced team members or peers may not be able to remark on the professional development requirements of someone more experienced. When a third-party evaluation is employed, human resources, the organization's training division(s), or the capacity development department should correctly and successfully present it. This guarantees that the vendor has a thorough understanding of the organization's procedures, personnel, working methods, and resources. As a result, the organization's evaluation process is developed and managed with inclusion and an organised approach. In order to guarantee that programme and project teams have the abilities required to carry out the programme or project and that long-term competence demands are satisfied, the evaluation should be developed.

Plans for Competitive Development

It is crucial that the appropriate development activities are identified and that the individual and/or the organisation carry out the identified development activities after feedback has been gathered, either from the individual through a self-assessment, an assessment from others, or a combination of both. The assessment's findings should be addressed right away since they can point up anything that has to be fixed right away. The competence development plan should also give priority to issues that are most important to the person and the company. A reasonable deadline for the strategy must be determined once the regions have been selected. The demands of a person's growth may be met in a variety of ways. These may include formal education, informal education, and experiential education. Normally, a mix of these strategies will be included in the competence development strategy. The following sections provide descriptions of each of these strategies.

Position Descriptions and Roles

An organisation must create and keep up its own structure of job functions that is in line with the responsibilities within the company. As an example, some businesses decide to divide the position of project manager into several tiers. They could fall under levels one, two, and three, with level three being a senior or experienced project manager. The same is true for programme and portfolio managers. The kinds, dimensions, and complexity of the managed portfolios, programmes, and projects establish the different levels and particular roles. The level of a person may be established by their experience, in addition to an evaluation (see Section 4.4.1) and performance comments. The following, but not only, should be clearly defined in job duties and descriptions:

The structure of reporting between managers and employees,Assignment of tasks and accountability for following norms and procedures.

Within the overall project management job code framework, it is usual practise to associate and align a variety of competences and formal certifications for each job level. For instance, it might be expected that in order to qualify as a senior project manager, a project manager should hold the Project Management Professional (PMP) certification. Similarly, a programme manager would require the Program Management Professional (PgMP) certification, and a portfolio manager would require the Portfolio Management Professional (PfMP) certification. Based on the particular skills needed by the company to deliver its portfolios, programmes, and projects, the training or competence development framework should be created.

Governance OPM

All organisational levels are included in governance, which may cross functional boundaries. Project leadership is just one aspect of governance; other business units that have an effect on portfolios, programmes, or projects may also be represented. It gives the performing organisation leadership participation and support. Organizations can consistently manage projects and increase the value of project deliverables because to OPM governance. It offers a framework within which businesses may choose actions that meet their goals and objectives. The acts of a review and decision-making body, which is tasked with adopting or accepting proposals for the OPM parts within its control, are what constitute OPM governance. OPM governance procedures encourage conformity to OPM policy throughout the company, which is consistent with organisational governance. Depending on the organization's business requirements, OPM governance varies. A task that is in line with the executive governance body is OPM governance (vertically and horizontally). Decisions on portfolios, programmes, and projects are made within this management framework. It is a rational, reliable, and repeatable framework for making decisions that is used to manage organisational assets. Establishing precise, well-understood agreements about the methods a sponsoring organisation supervises, contributes to, and supports or aligns portfolios, programmes, and projects; describing the amount of freedom and accountability that people have in achieving the organization's objectives; ensuring that the objectives of the portfolio, programmes, and projects continue to be in line with the strategic vision, the organisational ability to carry them out, and the operational capabilities, resource commitments, and the ensuing change; establishing a collection of reliable key performance indicators (KPIs) that enables the company to track and assess its performance in order to support wise business choices; forming appropriate decision-making bodies to guarantee that the outcomes of projects are in line with the achievement of overall benefits. With the assessment and monitoring of KPIs related to

each fundamental enabling activity, other organisational processes are connected with governance. Using the governance processes, which improve the present procedures and methodology found via regular assessment reviews, recommendations and initiatives are examined and approved. The structure of OPM governance may include steering committees that will settle disputes, alter priorities, and end portfolios, programmes, or initiatives, depending on how it is defined. OPM governance may also speed up the implementation of new portfolios, programmes, or initiatives that weren't originally planned to be included in a certain strategy cycle. A advantage of steering committees is that its members may look at problems from several angles to identify the root of a disagreement and provide an impartial voice of reason. There is no "one size fits all" in governance. Several degrees of governance may exist depending on the organisation; these levels. OPM governance, which is backed by both project and portfolio governance, as well as programme and programme governance, may be modelled after the executive governance level. The size, complexity, and importance of the portfolio, programme, or project will determine the degree of governance used (see Figure 14.2).

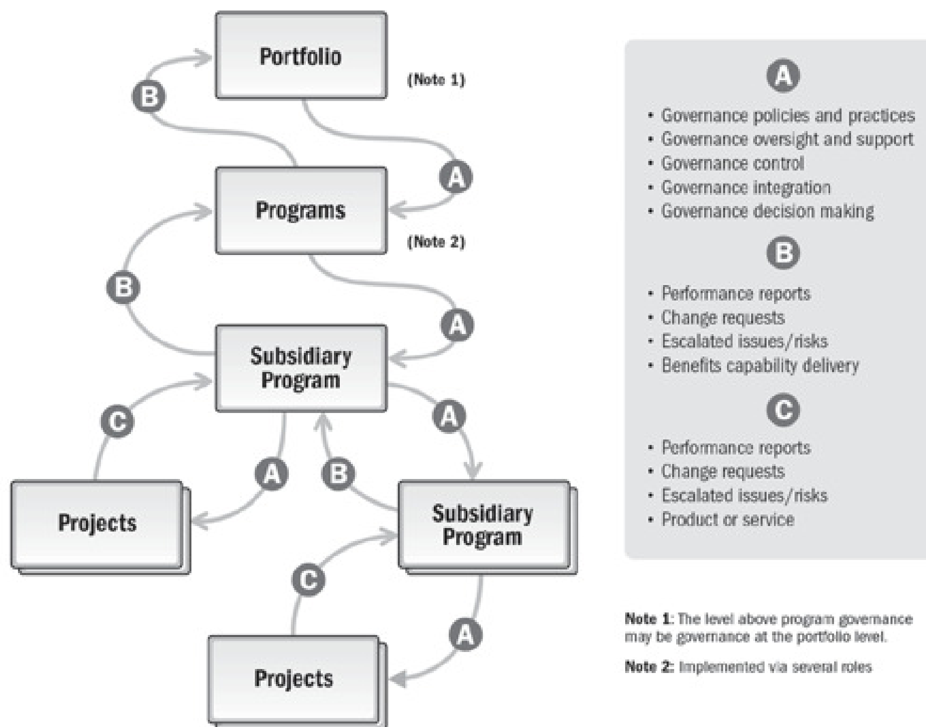

Figure 14.2: Governance Hierarchy

Controlling Entities

Depending on the organisational structure and maturity level, there may be a variety of governing bodies. These organisations may consist of the following:

Entity with executive governance. Includes board members and top executives. It is in charge of creating an open line of communication with the OPM governing body in order to inform it of any strategy adjustments or reprioritizations of projects, programmes, or portfolios. Particularly in an organisation that is at the bottom of the learning curve, it is crucial to intervene with the OPM strategy when it is unproductive.

Governance body for OPM. Accountable for making sure the OPM infrastructure (see

Figure 3-1) is always fully operating and well-aligned with corporate goals. This also entails making certain that all crucial positions (such as portfolio managers and PMOs) are adequately filled with qualified individuals. Additionally, it (a) keeps track of the output from portfolio monitoring procedures, (b) examines the audit findings in relation to portfolio, programme, and project management, and (c) routinely conducts interviews with significant OPM stakeholders (see Section 1.7) in order to gauge their satisfaction and gather suggestions for tactical and strategic advancements. Moreover, it steps in anytime an OPM strategy or a weak OPM infrastructure endangers the success of strategic goals or creates unneeded inefficiencies inside the company. This may be of utmost significance to organisations who are developing and implementing OPM infrastructure. This entity could be the same as an executive governance entity in smaller enterprises.

Governance body for programmes and portfolios. Adopts a similar structure to the OPM governing body. Managers of the portfolio and programmes provide updates on benefits realised and any conflicts that need to be resolved.Organisation that governs project management. Detects the affected projects that may need to reevaluate their budget, timeline, risks, limits, or other considerations. It transmits all changes from the strategic levels. If there is a PMO, it can do this job, or a portfolio or programme leader can.

CHAPTER 15
OPM IMPLEMENTATION

[1]Dr. Gayathri. R, [2]Roopa Traisa
[1]Assistant Professor, Department of Organiztional Behaviour and Human Resource, CMS Business School, Jain (Deemed to-be University) Bangalore, Karnataka, India
[2]AssociateProfessor and Hod, Department of Management,
Jain (Deemed to-be University) Bangalore, Karnataka, India
Email Id-[1]dr.gayathri_r@cms.ac.in, [2]roopa@cms.ac.in

Organizational project management (OPM) initiatives are defined in this standard as new OPM framework implementations or upgrades to current OPM frameworks. To successfully complete these activities and the strategic goals of organisational transformation, it is necessary to have a vision as well as a set of mutually acceptable strategies and plans. The goal of senior management is to bring value to the business via OPM, such as increased market share, better service delivery, increased profitability, or the capacity to adapt quickly to changes in the environment. The preferred domain for implementing OPM is programme management, since it (a) offers the governance framework needed to handle the complexity of organisational change that OPM demands, and (b) focuses on benefit realisation (adding organisational value), which is essential for OPM success. This section focuses on the pertinent components of OPM implementation efforts that allow for more productive use of both this standard and The Standard for Program Management. Together, these standards support the definition and planning of an OPM implementation programme that transitions and uses new or improved capabilities to improve OPM performance outcomes, leverages those improved outcomes to realise the anticipated benefits of OPM, and lastly sustains organisational transformation through post-transition management. A helpful resource for organisational transformation projects like an OPM implementation is Managing Change in Organizations:

Organizational environmental elements include organisational changes (such as expansion, mergers, or acquisitions), changes in strategic direction, increased competitive pressure, regulatory compliance, company rules, or market issues may necessitate the use of OPM. The requirement could also result from flaws in the current OPM framework, from past efforts to apply OPM that failed to provide the desired results, or from successful transformation as shown by benefits sustainability. Initiatives for implementing OPM often also include a considerable alteration of the organisational culture, particularly in those firms that are just beginning this process. While stakeholder participation is complicated, existing activities should continue unabated as the company goes through transformation. OPM projects are transformative, thus choosing the right programme governance, sponsorship, and core programme staff is crucial to the success of the effort. The correct influence, power, and control to manage organisational change are the most crucial qualities to take into account when choosing programme leadership in order to succeed, in addition to choosing the programme organisation with the right competencies and responsibilities. Organizational change should be prepared for, managed, and implemented on par with OPM's technical process elements. Stakeholder participation is crucial for the adoption of the new OPM procedures and tools since organisational reform and OPM process deployment are being prioritised at the same

time. In order to improve transition, embrace a new way of working, and guarantee the realisation of durable advantages, it also needs an active leadership role inside the OPM initiative governance model that participates in establishing the criteria that represent the user's viewpoint. The obvious option to oversee an OPM implementation programme may depend on the existence of an organisational body with responsibility for OPM performance, such as a project/program management office (PMO) or organisational excellence function. Yet, for the most of the change, the PMO is not often the intended audience. The organisation that employs the new OPM capabilities in regular operations or business as usual should actively take the lead in planning, carrying out, and owning the transition and benefits realisation stages.

Initiating Committee for OPM

The initiating committee or perhaps a portfolio management board is typically staffed by the senior leadership of the organisation (such as a corporate executive or portfolio leadership). The founding committee creates initiatives that aid in the execution of the organisational plan. In order to maintain alignment of the OPM initiative with organisational strategy, a member of the initiating committee typically serves as the OPM implementation programme sponsor.

OPM Implementation Program Sponsor

The OPM implementation programme sponsor provides resources and leadership direction for the OPM implementation programme and is accountable to the initiating committee for programme success. An active, engaged, and visible sponsor is crucial. The sponsor should have the proper organisational authority, resources, and influence to remove barriers and to provide day-to-day guidance to ensure success of the OPM implementation. Because program management involves the delivery of new capabilities and required transition activities, programs often encounter complex challenges that include resource limitations, technical challenges, and resistance to change. As an example, a shortfall in resources can limit the scope of capabilities delivered by the component projects, which may in turn limit the full realization of planned benefits. Further, if resistance to change arises, the new capabilities may not be adopted or may not be sustained, which reduces the value of implementing them. In this case, the role of the sponsor involves both justifying the allocation of resources to the initiating committee as well as influencing the adoption of new OPM capabilities by the target organization undergoing organizational change. The sponsor is also responsible for sustaining benefits realization.

Office for Project Management

The term "PMO" is used here to denote an organisational entity that is in charge of the OPM governance framework and performance and supports portfolio, programme, and/or project management functions for the entire organisation (such as an EPMO) or a unit/function within the organisation. The PMO at a company could be the one responsible for creating and upholding the framework for process governance for project, programme, and portfolio management. Due to the fact that there may be several PMOs with varying scopes, levels of power, reporting hierarchies, and duties inside an organisation, the PMO may also be the implementer or beneficiary of OPM governance. The PMO may work on an enterprise (i.e. EPMO), business unit, divisional, or functional level depending on organisational requirements, culture, and structure (e.g., IT, research and development, or marketing). PMOs with particular goals may also exist, depending on the organization's current requirements. An enterprise resource planning

(ERP) system may, for instance, be implemented with the assistance of a temporary PMO. An ERP is used to gather, manage, store, and analyse data from a variety of business operations, such as those involving human resources and finances. The creation of a temporary PMO may demonstrate the absence of an established governance framework and the necessity for one. The following are some ways a PMO may assist with OPM implementation:

Provide direction and subject-matter knowledge of the organization's procedures and management tools for managing portfolios, programmes, and projects, as well as OPM maturity models.

Create the structures, linkages, and hierarchies for the organization's governance. Ensure the strategic alignment of your portfolio, programmes, and projects, and assist with important OPM choices (e.g., prioritisation and resource assignment). Establish, use, and uphold standards and techniques for portfolio, programme, and project management.

To acquire, gather, and combine OPM information and provide online reports, establish a project management information system (PMIS), function as a hub of excellence that collects, assesses, and then applies best practises and information from the industry to OPM in a way that benefits the company.

Track the results of OPM implementation, including the performance of the portfolio, the programme, and the project (actual vs anticipated performance), as well as the benefits and key performance indicators. Facilitate audits of financial, environmental, legal, and regulatory compliance. See how policies and procedures are being followed. Encourage stakeholder involvement and consensus throughout the whole enterprise.

Review the OPM implementation program's quality control procedures

A PMO resource often manages the OPM implementation programme because of their expertise in managing projects and knowledge of the evolution of OPM policies, procedures, and tools.

Manager of the OPM Implementation Program

The best level within the company from which the programme will be administered most successfully should be taken into account when choosing an implementation programme manager. A programme manager for the OPM effort may be provided by a central enterprise project management office (EPMO), as illustrated in Figure 5-1, in complicated enterprises with extensive regional operations or divisions. The planning, carrying out, and general administration of the OPM implementation are within the purview of the programme manager, who is answerable to the programme sponsor. The local/regional PMOs and their practitioners are the parts of the organisation that are being most impacted by the changes, where organisational transformation is occurring in the extended units. The day-to-day project execution is the responsibility of the local PMOs, who will leverage the new skills in the long run to provide and maintain organisational advantages. The integrator position on the core team of the OPM implementation programme reflects the organization's ongoing operational component. The programme manager may collaborate with an organisational change lead or integrator who represents the needs of the user community in a large, complex organisation with several locations. In further detail, this job is detailed in Section 5.3.5.

Team for Organizational Change and OPM Integrator

OPM's programme organisation is a transitory entity. Stakeholder participation depends on the organization's adoption, transition, and long-term usage of the new OPM

infrastructure. The operational or functional organisation must accept the new style of working for any transformation to be effective by integrating and coordinating activities in a way that both recognises and maintains advantages (i.e., adding and sustaining organisational strategic value). Functional leaders who have adopted, implemented, and used OPM capabilities may provide direction during the formulation of specifications for new OPM capabilities and the verification of OPM-targeted benefits. They also understand the organisational culture. These stakeholders are also in charge of managing transition and acceptance as well as producing the anticipated advantages in the sustained future environment. Involvement in the leadership of the OPM implementation programme improves buy-in and ownership, which is important for the OPM initiative's success. By adapting OPM capabilities and governance to the context in which they will be implemented and utilised, organisations may improve organisational efficiency and increase their adoption of OPM. The inclusion of these departments on the organisational change team should be taken into consideration since OPM also entails cooperation with organisational departments other than the PMO (such as procurement, quality, contract management, marketing/sales, field operations, or engineering). For the attainment of organisational benefits, the effective integration of various roles is crucial. It is advised to create an organisation change team in bigger, more complex businesses, as seen in Figure 5-1, when OPM implementation necessitates acceptance across many organisational units or regions. An OPM integrator should serve as the team's leader, and members should come from the continuing operations of the company that will utilise and execute the OPM framework. The OPM integrator's responsibilities in this capacity include leading change and speaking on behalf of the many OPM users. A direct representative of the project management or functional line community, who will be the main consumers of the new OPM capabilities created by the PMO, might fill the integrator position in less complex companies.

Advanced Roles

To support the OPM implementation programme, new jobs may be introduced, depending on the complexity and breadth of the endeavour. These jobs may require full-time employment, part-time collateral tasks, or subject matter consultancy depending on the level of involvement required. For instance, experts in business analysis may be needed to help study of the current and future stages of a company. Business analysis, broadly speaking, refers to a collection of actions taken to support the implementation of solutions that are in line with business goals and continuously provide value to the firm. Both defining the future-state capabilities and creating requirements that may be used to charter different projects and other associated activities within the OPM implementation programme can benefit from these talents. Given the significance of aligning OPM implementation efforts to support organisational strategies, it may be advantageous to use resources skilled in (a) gathering business needs from stakeholders, (b) documenting important stakeholder needs to support development of the OPM business case, (c) analysing current and proposing future organisational states, and (d) collaborating with other members of the OPM implementation team to support implementation success.

FORMULATE A BUSINESS CASE

Understanding and measuring the effect of OPM performance in relation to the organisational strategic goals will help you create the business case for OPM implementation. The business case, in essence, outlines the financial effect to the firm whether initiatives succeed or fail to proceed as expected. The cost to adopt or enhance a particular set of OPM capabilities and transition them to improve organisational results,

as well as the advantages of such outcome improvements, are the two main components of the business case for OPM. Advantages should be recognised by quantifying them as much as feasible in financial terms. This makes it possible to calculate the return on investment in relation to the price of implementing OPM. It's possible that developing a high-maturity OPM capability could cost an organisation more money than it would ultimately save on projects. For instance, a company whose primary business is service delivery but which nevertheless occasionally completes projects may discover that the costs associated with increased mistakes and ineffective project management are far lower than those associated with building a strict OPM infrastructure. It could be more sensible to engage outside project managers or just bear the price of nonconformance mistakes. Yet, deficiencies in OPM component performance may have far-reaching strategic effects beyond late delivery or project budget overruns for businesses that use programmes and projects as a major enabler for market acquisition, public service, or to enhance their organisational performance. The following are some instances when subpar OPM performance may prevent the attainment of organisational value:

Lower project profit margins come from projects that overshoot deadlines and budgets in terms of cost and resource utilisation. Many modification requests may be generated as a consequence of poor requirements development, which raises costs, delays deliveries, and may affect how well project outputs are used. When resources are not available for intended follow-on work, late or poorly planned projects may prevent the organisational portfolio from reaching its strategic goals (such as the overall number of project completions for the year). In programmes, late capability or new product delivery slows down benefit realisation, affects return on investment, and lowers net present value by missing a window of opportunity. If project delivery reliability is crucial, delayed projects may have negative effects on customer satisfaction scores, lead to a loss of market share, or result in future revenues being lost. Stressed-out initiatives have worse quality. Rework to correct errors during projects increases expense and delays completion. When projects are delivered, warranty claims reduce customer satisfaction, which lowers the project's investment value for both the supplier and the client. They have an effect on future investments, market share, or the exposure of the company to legal proceedings. Whether it comes to managing customer expectations, controlling job performance, or dealing with weak or contradictory needs, poor communication and reporting to stakeholders may create a substantial amount of risk. From the standpoint of benefits management, it's critical to comprehend the connection between OPM capabilities, anticipated results from their application, and advantages realised from the improvement of those results. The intended changes that are connected to the execution of the OPM capacity are outcomes, which are the results of implementing a capability. Since the company can employ them to reap advantages, these outcomes are desirable. The effectiveness of the new process should be assessed in relation to the standard of its anticipated results as well as the added time and effort needed to carry it out. This makes it easier to determine if the new process really adds value to what already existed or is just an unnecessary addition of work, time, and expense. For instance, the new project planning process will probably produce benefits (such as decreased rework/recovery costs, improved project profit, and improved portfolio performance) when it improves outcomes (such as more predictable delivery to plan, reduced project execution cycle time, reduced errors, or improved project quality). Also, they may raise stakeholder satisfaction and brand awareness, which might result in advantages like increased sales, a bigger market share, or better services. If feasible, intangible benefits should also be evaluated and quantified. Surveys may be used to identify outcomes, such as increased employee happiness, and these outcomes may be quantifiable in terms of staff retention,

attendance, and productivity. The finest talent is often attracted to and kept by an enjoyable workplace. The topic of OPM performance measures is expanded upon.

Examples of OPM performance-related topics that might be evaluated as possible advantages in a business case include: As OPM maturity increases, more advantages are seen. The company may use process optimization techniques frequently across various programmes and initiatives by establishing defined and measurable procedures. Improvements in process cycle time, process value contributions, and workflow delay reduction are a few examples.

OPM Matureness

The degree to which a company can provide the intended strategic results in a predictable, manageable, and dependable way is referred to as OPM maturity. OPM maturity has three effects on the OPM implementation programme:

Future Condition consists of identifying the OPM capacity that will allow the company to meet its strategic goals and quantifying the program's progress in achieving that state;

Business argument provides information on the costs involved in achieving and maintaining the desired level of OPM maturity as well as the advantages of increasing OPM results and organisational performance.

Map of the programme. Describes the organization's evolution roadmap for OPM maturity growth, taking into account any anticipated intermediate phases, from the present state through creating and maintaining the future state.

OPM models include the criteria for each level of OPM maturity as well as the evaluation methods for monitoring organisational development towards the intended maturity objective. Several theories categorise organisational maturity according to numbers. One example is the maturity levels of 1 through 5, where level 1 indicates a company with little to no established OPM process structure and level 5 depicts a company with a lot of data-driven processes and strong organisational skills. Some models concentrate on the level of development of the OPM capacities (e.g., standardized, measured, controlled, and continuously improved). In this case, particular skills that meet the organization's OPM maturity approach may be chosen for maturity development.

Generic explanations of the traits associated with each OPM maturity level are provided in the list below. While the descriptions refer to projects, portfolios and programmes might potentially use them. While choosing an OPM model to use, it is important to take into account the specific definitions of each level to determine if the maturity levels or phases align with the organization's transformation plan and culture.

Level 1: Ad hoc or initial. Performance of a project cannot be accurately predicted. Project management is reactive and heavily reliant on the skills and knowledge of the individuals doing the task. While projects are finished, they are often beyond budget and of varying quality. When OPM procedures do exist, they are haphazard and ad hoc.

Project-level implementation of OPM at Level 2. At the project or functional level, projects are planned, carried out, monitored, and regulated in accordance with widely recognised procedures. The organisational management of OPM procedures and practises, however, varies from project to project and is not often handled consistently. While formalised procedures may exist in functional departments like procurement or design engineering to govern work there, it's possible that they don't correspond to project operations.

Organizationally specified OPM at Level 3. Organizational project performance is predictable and project management is proactive. Project teams adhere to OPM procedures that have been created by the company and are adapted to the difficulty of the projects and the skill of the practitioners. In order to monitor and manage OPM process performance, the company standardises, measures, controls, and analyses OPM procedures.

OPM is controlled quantitatively at Level 4. Data is used to inform both process and project management choices inside the company. The management of OPM process performance allows the accomplishment of quantitative improvement goals. The effectiveness of OPM processes is routinely examined for chances for improvement that would benefit the company (e.g., enhance benefits at an acceptable cost).

OPM optimization at level 5. The company is steady and committed to ongoing development. Organizational agility and innovation are fostered by the alignment of OPM to the corporate strategy, along with defined and monitored OPM procedures with an emphasis on value creation. Continuous improvement has been implemented in an efficient organisation, together with a strong set of metrics and measurements. The portfolio is tailored to assure corporate value, and programmes and initiatives have a high success rate. Projects are chosen based on how they will affect the organization's strategy. It is advised to compare the organization's existing condition with stakeholder needs and industry benchmark data in order to determine the required degree of organisational maturity. Typically, an OPM maturity assessment utilising an OPM model is used to identify the present stage of OPM maturity. Benchmarking information may be acquired via market or industry surveys or by working with reputable research companies. While reaching a model's greatest maturity level is an accomplishment, resources are scarce. To reach the degree of maturity that maintains the organisation ahead of its rivals and meets or surpasses market and stakeholder expectations, the organisation often has to concentrate its limited resources. The OPM implementation should also take the organization's capacity for managing change into account. Companies may use this personalised approach to fine-tune certain OPM capabilities whose outputs have the most impact on favourable objectives and expectations. Several maturity models provide the option to quantify the maturity level for a given capability or Knowledge Area.

Choosing a maturity level in the middle of the range (in the previous example, level 3 or organizationally defined OPM) is a common goal for OPM implementation even though OPM maturity objectives vary across industries and organisations. This is because this level typically denotes an organisation that demonstrates OPM capabilities that are standardised, tailored, measured, and consistently implemented. A level 3 organisation implements OPM rigorously and keeps an eye on the organization's project performance. The information gathered may then be assessed to determine the business case for improving capacity areas that are not producing the desired results or (b) to maximise capabilities that increase the competitive advantage of the company and the time and effort of internal resources. As the operational or market environment changes, an established OPM governance structure with publicly accessible and regularly reviewed OPM performance data paves the way for increased organisational agility. OPM models may be used to assess proposals for implementing certain practises as well as process governance, maintenance, and necessary control infrastructure when the goal degree of maturity is determined. The cost of resources to carry out the component projects and associated activity represents the cost side of the OPM implementation business case because the future state is specified to be capable of achieving these aims. The predicted

advantages of the organization's transition from its existing condition to fulfil the OPM implementation goal are contrasted against these expenses (e.g., delivering to plan or exceeding market expectations).

Opm Maturity Models' Function in the Initiative

OPM maturity models are often mentioned as instruments for assessing how consistently and fully a business adopts and applies best practises in project management. The sixth edition of A Guide to the Project Management Body of Knowledge defines a best practise as a set of techniques that are presently accepted within a certain industry or field to accomplish a specific aim or target. A best practise is a suggested practise that has been shown to be successful and to provide value to the company that adopts it as it comes to greater maturity. These suggested methods often come from international standards.

OPM maturity models base their designs on two fundamental ideas: Specific and supportive best practises for portfolio, programme, and project management. This may also involve organisational enablers and enabling functional practises that support these projects (such as systems engineering, procurement, and contract management) (e.g., competency management, information management, and governance).

a set of guidelines for achieving process or capability maturity (e.g., institutionalization, effectiveness measurement, tailoring, control, performance monitoring, process analytics, and optimization). This might also include organisational enablers that assist OPM in the context of OPM maturity models. People often employ and support organisational transformation initiatives that either improve their personal lives or the organisations they support. Things that don't provide value are often rejected or avoided by them. The company has to be aware that OPM procedures are being followed and that they are providing the desired results. Figure 15.1 illustrates a real-world illustration of how OPM maturity models interact with the governance and project environment of an organisation.

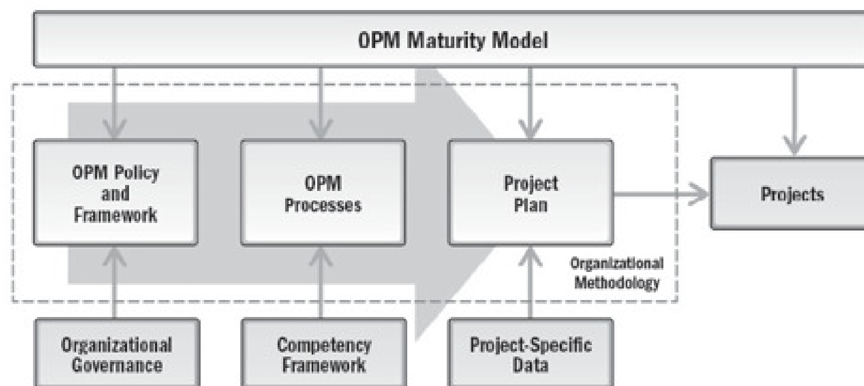

Figure 15.1: Example of OPM Maturity Model Interaction in a Project Organization

An organization's project management procedures and supporting infrastructure may be assessed using an OPM maturity model. Organizational policies are important because they establish the culture and guiding principles of the organisation and define the organisational requirement for OPM processes. Senior management develops policies, which are the rules and regulations that a business must follow, and they are often made publicly available. Major choices and acts, as well as all actions that occur within their parameters, are influenced and determined by policies and procedures. Contrarily,

procedures are the precise ways that are used to carry out policies throughout regular business operations of the firm. Together, policies and procedures make sure that the governing body of an organization's point of view is translated into actions that lead to a result that is consistent with that vision. Safety, security, data privacy, and employee travel rules are typical examples of policies. An OPM policy should state senior management's commitment to putting its OPM governance structure into place and improving it. Organizational policies serve as the cornerstone on which the company develops its capabilities and serve as the justification for allocating money to OPM processes and supporting infrastructure. The criteria for OPM process and infrastructure development are also established by policies. The policies outline senior management's expectations for what has to be done in the early stages of OPM maturity growth, even while the formal OPM procedures are being put in place. This creates executive buy-in and serves as the foundation for organisational transformation. OPM procedures are designed for stakeholders and practitioners of portfolio, programme, and project management in order to support consistent adherence to the framework rules. The amount of information needed for each procedure is a crucial factor as well. The degree of project complexity and the expertise level of the process user play a significant role in determining the appropriate amount of information. When the user can understand the degree of process detail and it offers enough rigour to get the desired result, it is adequate. A factor to be taken into account is project complexity. For instance, a list of common hazards observed with suggested project manager actions may be adequate to assure risk management for small, regular projects. This risk register might be the outcome of a PMO's assessment of several of the organization's projects. A risk management workshop with subject matter experts, as well as sophisticated tools and tracking systems for carrying out the many components of risk management, may be necessary for a big, complicated programme or project. The OPM process effectiveness and compliance metrics assess how far the company has progressed towards the right degree of detail.

Project management plans may be built on a foundation created by institutionalised, customised, and measurable procedures inside a company. Project management plans may take use of the organization's rules and procedures to shorten the time and effort required for plan formulation and to make the most of the organization's lessons gained. OPM process performance indicators are accessible for examination because OPM procedures are standardised and monitored. If there is a business case, process excellence methodologies may be utilised for process effectiveness assessment, improvement opportunity discovery, and continuous improvement. Each degree of organisational maturity is associated with certain needed particular behaviours that an organisation must show as standardised, adapted, and assessed, according to several OPM maturity models. The procedures, organisational support systems, and competence framework necessary for the organisation to provide the anticipated benefits become the target operating model or desirable future state that the company intends to create. As previously mentioned in this standard, OPM assessments are carried out to identify the gaps in the organization's existing status, and actions to fix these gaps are turned into work components for OPM implementation programmes.

The assessment and analysis of OPM procedures for both compliance and effectiveness are included in several OPM maturity models. These metrics are crucial because when new procedures and methods are put in place, the business has to be able to verify that they are being followed and providing the desired benefits. The overhead load may be increased by processes that are not generating value, thus they must be optimised or

removed. The promotion of a data-driven, learning organisation and the emphasis on added value develop an organisational climate that can adapt to changes in the market or in operational processes. Process improvement approaches are made possible by a state of specified and measurable processes, as well as by alignment with value contribution. OPM maturity models often provide direction or a way to gauge an organization's OPM maturity. This helps to set a baseline for OPM maturity in the existing state, pinpoint OPM capability gaps, and track progress towards the OPM maturity objective. A compliance audit of OPM capabilities against a suggested standard or governance framework and an evaluation of the OPM capability's effectiveness in attaining the performance result that meets the organization's operational and strategic needs are both parts of an OPM assessment. The organisational advantages of OPM are made possible by the performance results of the capabilities of OPM. Whenever possible, an independent expert evaluation of the organization's present status should be done. This evaluation will provide a benchmark for OPM maturity against which the introduction or upgrade of OPM capabilities may be planned and the results evaluated. A baseline for OPM performance may be used to gauge the improvement in OPM maturity in relation to OPM outcome performance.

QUESTIONNIERS

1. How do you deal with busy and stressful business periods?
2. What is the key to drafting and working with a successful budget?
3. What challenges or difficulties do you often find with budgeting?
4. How does business contribute to economic development?
5. What do you understand by SWOT analysis?
6. How will you create flexibility in an organization?
7. How can one increase the longevity of an organization?
8. Who are the stakeholders in an organization?
9. What do we mean by standard management functions?
10. What are the essential steps in the process of planning?

REFERENCES BOOKS FOR FURTHER READING

1. The Age of Unreason (1989), by Charles Handy.
2. Built to Last: Successful Habits of Visionary Companies (1994), by Jim Collins and Jerry Porras.
3. Competing for the Future (1996), by Gary Hamel and C.K. Prahalad.
4. Competitive Strategy: Techniques for Analyzing Industries and Competitors (1980), by Michael E. Porter.
5. Emotional Intelligence (1995), by Daniel Goleman.
6. The E-Myth Revisited: Why Most Small Business Don't Work and What to Do about It (1985), by Michael E. Gerber.
7. The Essential Drucker (2001), by Peter Drucker.
8. The Fifth Discipline: The Art and Practice of the Learning Organization (1990), by Peter Senge.
9. First, Break All the Rules (1999), by Marcus Buckingham and Curt Coffman.
10. The Goal (1984), by Eliyahu Goldratt.
11. Good to Great: Why Some Companies Make the Leap ... and Others Don't (2001), by Jim Collins.
12. Guerilla Marketing (1984), by Jay Conrad Levinson.
13. How to Win Friends and Influence People (1936), by Dale Carnegie.