

A Study on Strategic Management Practice in IT Companies

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Abstract - The growth of the IT Industry is drastically influenced by the vital factor Human Resources, as the availability of skilled and trained talent pool is imperative. SHCM practices and strategies followed by the IT companies are designed to attract and retain the professionals and are formulated to meet the current market conditions. Strategic Options for the Indian Information Technology Industry, The evolution of corporate strategy has been hastened by the IT revolution. The only constant in life is change, and it's not hard to see why. Similarly, it appears to be the sole constant in the IT industry. Strategic Human Capital Management in IT companies is very important to mobilize the talented employees to accomplish the assigned job in the stipulated time. The organizations take special care for the Strategic Human Capital Management practices for their increase in the productivity and profitability.

Keywords - Strategic Management, Practice, IT, Companies, Human Resources, etc.

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INTRODUCTION

Every business is involved in a complex decision-making process, from the board of director's level to the particular decisions that are made on a day-to-day basis. There are long-term and short-term consequences to these actions. These two sets of decisions vary fundamentally from a decision-making point of view in that the first does not come within the domain of a specific functional manager, while the second does. Integrative choices are made in the first phase of the process, and they involve more than one area of the organization. Strategic management is a new area of study that focuses on making and implementing these kinds of choices. (1) This area of management is concerned more with the overall health of the company as a whole than with the specifics of each department's operation.

Strategic management has taken over from ad hoc strategy creation and implementation to become a more methodical approach in the business world. With the increasing complexity of managing businesses in the face of global competition, Western countries, notably the United States, embraced the strategic management idea. In India, this notion was brought to the country by multinationals' partners and subsidiaries. However, Indian businesses have conflicting feelings about the implementation of this approach. (2)

Formulation of Strategies

If there is a strategic difficulty, or "strategic GAP," it is important to identify it. A strategic GAP is present when the future goals cannot be met with the existing approach. SM has three stages: strategy formulation, strategy implementation, and strategy assessment, according to Chang and Huang. It is necessary to do a thorough investigation of the organizations that define goals, analyze the current condition, and prepare for the future in order to come up with a strategy. No matter how big or little the firm is or what type of business it is, it is essential to have a process in place that permits the development of a methodology to build plans. According to Sadler, this technique begins with the formulation of the strategic planning, which is described as the process of diagnosing and analyzing the company's present competitive position and strategic challenges. Companies must have a clear picture of what they want and how they want to get there. (3) FSP must serve as a guide. A proper FSP must begin with determining the company's existing competitive position and market, which will help guide the company's future.

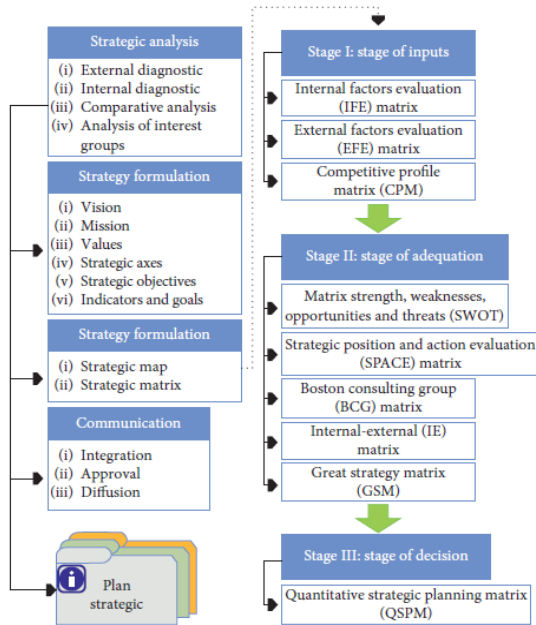


Figure 1: Stages of the strategic formulation.

It is feasible, according to Masoud, to determine the areas in which a company's strategies need development while also aligning them with the organization's functional capabilities and comparing them to any previous plans. Emergent strategy is the term for this sort of approach. (4) In order to identify strategies, the planning as one of the categories:

- Strategy as an action guideline
- Strategy as a pattern
- Strategy as a position
- Strategy as perspective

The strategic formulation process continues with the implementation, assessment, and management of the strategy. If the administration fails to implement or evaluate the finest methods, even the most effective ones will not be able to achieve their full potential.

Concept of Strategy

The notion of strategy is difficult to grasp since it has been employed in a variety of ways by different authors. On top of that, a lot of the early authors in this subject didn't even try to define strategy exactly because they were writing for practitioners rather than for academics who wanted to explore the notion more deeply.(5) "Because we are less concerned with exactness of language than we might be if the development of theory were our first objective; we do not argue whether the term strategy should include the selection of goals or denote only the resources marshalled in pursuit of these goals," There isn't much uncertainty as long as we are clear about what we are trying to accomplish. We have found that merging the selection of goals and the creation of policy into one activity simplifies and expedites the process. It is impossible to make distinct choices on goals and policies."

Despite the fact that this stand achieves its intended purpose, it acts as a reminder of the reality in the field. However, we can only make more progress in this area if we are crystal clear on the term "strategic." More recently, the discipline of management has been introduced to the concept of strategy. First, the phrase was used in military science to refer to a manager's efforts to counteract the acts of his or her rivals. (6)

Levels of Strategy

Corporate, business, and functional levels are just a few of the ways an organization's strategy might be implemented. A strategic business unit is a division of an organization that has a wide range of products or services and operates in many marketplaces. Identifying a company's distinct autonomous product and market segments is central to the SBU idea. SBUs should be formed for each separate product/market segment because each has a different environment. To better serve the needs of the various segments of the market, many SBUs are participating in various business sectors. The following aspects of strategic management in a multi-SBU organization are critical: (7)

- There are clearly defined product/market segments and explicitly defined strategies for each SBU.
- With the overall business capabilities and goals in mind, each SBU develops a plan that is suited to its own strengths and needs.
- According to the demands and contributions of each SBU, resources are allocated based on both physical and human resources.

A company with a single product or market has a single SBU, as opposed to a company with many SBUs. The way in which strategy is implemented varies greatly depending on the type of organization. (8)

Strategic Decision

Strategic management relies heavily on strategic decision-making and decision-making. As a result, strategic decision-making should be understood in order to ensure that strategists take part in strategic decision-making rather than focused on operational decisions. A decision is a choice between two or more possible outcomes. This defines a choice as: "A choice, in the face of ambiguity, complexity and even irrationality...represents an assessment; a final solution to a conflict between requirements, means or goals."

One of the most important organizational decisions is a strategic one that determines how resources are allocated to meet organizational goals. A strategic choice has the following characteristics: (9)

- Decisions on the long-term direction of an organization have a big impact on the entire

organization or a large part of it. Resources are committed for the long haul, which can have a negative impact on a company's long-term health. Once resources have been allocated to a certain option, they cannot be withdrawn.

- As a result of the massive investment in resources (physical, financial, and human) required implementing a strategic choice, there is a significant financial and operational impact.
- Because of the long-term commitment of resources, strategic decisions have a high degree of foresight. Strategic decisions are characterized by uncertainty and risk rather than certainty because of the high level of futurity.

Strategic Planning

In strategic management, strategic planning is essential. Preparation is a process in which future actions are determined, including why, what and how to do it. These questions are all connected to distinct components of the planning process, such as why, what, how, and when these questions disclose why an action is being performed, what it will accomplish, when it will occur, as well as the numerous plans, policies, procedures, regulations, and techniques that will be used to accomplish it. As a result of this, all of these aspects convey a sense of impending action. (10)

Key trends Forecast for Global IT-ITES

- Moderate growth in the field of Information Technology.
- There is a slowdown in growth in mature areas like the US, Europe, and Japan.
- Focused on mainstream corporate applications, enterprise level innovation.
- Enhanced use of the offshore model in the IT business services sector will be driven by cost reduction and increased process emphasis.
- Increased use of offshore outsourcing as businesses adjust to the global sourcing phenomena.
- For their needs beyond bespoke application creation and maintenance, they are taking advantage of the offshore delivery model by outsourcing their needs.
- New service lines such as package software implementation, systems integration and R&D engineering in India and overseas are being launched.
- There are a growing number of global IT companies expanding their presence in India, not only because they want to use local delivery centers for their offshore operations, but also because of the fast-paced Indian IT services industry.

- Government/PSU IT spending is expected to account for the majority of the total IT expenditure.
- On a case by case basis, there may be more money spent on storage and enterprise-wide applications.

Efforts by the Indian IT-ITES Industry

The leading Indian software businesses are taking advantage of the growing acceptability of offshore outsourcing in the developed world. This can be seen in the surge in interest in outsourcing by American and European corporations, as well as a strong increase in overseas customer trips to India. (11) The "Global Delivery Model" is unquestionably the foundation for this remarkable endeavor. For Fortune 500 and other blue-chip firms throughout the world, Indian software companies have been able to complete simple to complicated software projects using this business model. They have to cope with consumers that seek greater worldwide delivery from Indian IT-ITES companies. Indian players, on the other hand, have reaped the benefits of this since it has forced the world players to improve their own powers. In order for Indian players to adapt, they must first face a very strong worldwide response. After all, they are currently on a winning streak. (12)

OBJECTIVES OF THE STUDY

- To investigate the IT companies plan for global competitiveness by strategizing their functions.
- To investigate the variables that influences the development of implementation strategies.

RESEARCH METHODOLOGY

The descriptive-cum-survey approach will be used; it will be tested using both analytical and empirical methods simultaneously. Rather of relying on a random sampling method, the researchers used a purposeful and judicious approach to attain their goals. Researchers used non-probability sampling and convenience models to represent their subjects in the study. Unrestricted sampling of the non-probability samples In order to test and obtain insights into the issue of strategy, this will be selected. Respondents from IT and ITES companies are asked to provide proof. The IT and ITES industries are included in the scope of the coverage.

Sample size

A total of 50 units will be chosen for sampling. For the selection process, units that will be in operation for at least five years and that are also exporting will be considered.

Sources of Data Collection

Primary data

The study relies heavily on primary data. The basic data for this study will be gathered by conducting a survey of the units in the sample. Questionnaires will be administered to gather primary data on the subject.

Secondary data

Secondary data sources include sales and marketing records, customer account information, and product purchase and use data. Annual reports, financial statements, essays, speeches, and memoirs are all examples of secondary data.

Procedure of data collection

TWO questionnaires will be designed to collect primary data:

Questionnaire - 1: The purpose of this survey is to learn more about how businesses plan their operations. In light of the global rivalry, this helps to elicit their recommendations for prospective improvement. The purpose of these questions is to elicit information about how IT businesses approach global competition and the impact of TRIPS and TRIMS on IT enterprises in order to better understand goals.

Questionnaire - 2: The second set of questions relates to the third and fourth goals, which are to gather data and develop a workable model, respectively. In addition to validating the hypothesis, this study aims to investigate the most important variables.

Likert scale will be used for this purpose. Kendall's tau-b test has reinforced the result of testing of the hypothesis and to arrive at relationship of the parameters.

An exhaustive literature review has yielded secondary data. Research papers, magazines, journals, daily, the internet, and portals on the subject will be used to get literature.

Analysis of Data

The replies produced by the surveys will be used to compile and analyze the collected data. To see if the hypothesis is true, we'll utilize statistical methods like the chi-squared test. For this purpose, Kendall's tau-b test will be used.

- Structured Equation Analysis (SEM)
- Impact Analysis
- Regression analysis

RESULTS

The blueprints for both surveys are complete. The opinions expressed by the players-respondents to the researcher are reflected in this section.

Important Investment Criteria for Multinationals

Multinational businesses cross international borders as part of their daily operations. This poses both overt and covert threats. That's why, before making the leap internationally, businesses make sure the market in the host country has the qualities that might help them triumph over the aforementioned dangers. The purpose of this survey was to elicit information from respondents on the many variables that multinational corporations consider when selecting a host country for an overseas expansion. Their responses to the inquiry are in the Table-1.

Table 1 - Key Requirements for Multinational Corporations' Investments

Criteria	Frequency	Percentage
Intellectual property hold	17	42.50
Cost	10	25.00
Availability of local talent	5	12.50
Market for products	5	12.50
Open environment	3	7.50
Total	40	100.00

According to Table-1, the ownership of intellectual property is the most important factor considered by multinational corporations when deciding whether or not to establish a presence in India.

Strategy to Manage Competition and Improve Profitability

Especially in global industries like the IT industry, where the number of participants is large and the stakes are high, competition is inevitable. As a result, it is essential for a company to not only maintain its position in the market but also increase its profits in order to avoid being undercut by rivals. Researchers were interested in how respondents were handling competition and increasing profits. Table 2 displays the responses received from the respondents.

Table 2 - Techniques for Handling Rivalry and Boosting Profits

Strategy	Frequency	Percentage
Service differentiation	27	67.50
Higher value addition	6	15.00
Improved productivity	5	12.50
Superior pricing	2	5.00
Total	40	100.00

From the data shown in the table, it is apparent that respondents are using service differentiation as a means of dealing with the threat of competition and being profitable. Fewer respondents' strategies to control competition and continue in business include more value addition, increased productivity, and superior pricing, in that order.

Challenges Posed by the Various Markets

In each international market, Indian businesses face unique challenges. The same issue may exist simultaneously in many countries, but to varying degrees. However, it's also feasible that various issues emerge independently in other regions. So, the study's author asked participants to develop a list of challenges they face in the Americas, Europe, and Asia/Pacific. You may find their responses in Tables-3.

Table 3 - Challenges Posed by the U.S Market

Challenges	Number of Respondents	Percentage
Support to off-shoring	27	67
Regulatory Environment	7	18
Linguistic Barrier	6	15
Total	40	100

The majority of respondents (67%) believe that the United States market presents the greatest difficulty in terms of off shoring assistance.

Strategy to Tackle the Issues

Respondents' insistence on the existence of difficulties in selling to the United States government and their subsequent identification of those difficulties led the researcher to inquire as to whether or not they had any suggestions for resolving those difficulties. Table 4 displays their responses to the question.

Table 4 - Strategy to Tackle the Issues

Strategy	Frequency	Percentage
Rope in a local partner	18	45
Spend your money on a company that is already doing business with the US government	14	35
Start a subsidiary in the United States	8	20
Total	40	100

The majority of respondents (45%) believe that working with a local partner is the best way to deal

with difficulties encountered while selling to the U.S. government.

Strategy for Tier Players

Established scale firms and Tier players are commonplace in India's IT industry. The question now is, given the current state of affairs, what approach the Tier players should use to expand their operations. Scale players, though, will keep existing service lines expanding sustainably.

The responders' proposed approach is shown in Table 5.

Table 5 - Growth Strategy for Tier-One Companies

Strategy	Frequency	Percentage
Tier players who want to become scale players should follow an acquisition / alliance led approach.	17	42.50
The best way for tier players to become scale players is to adopt a strategy of focused play.	17	42.50
In order to become scale players, tier players need to expand into new markets.	6	15.00
Total	40	100.00

Tier players must choose between an acquisition/alliance led approach and a focused play strategy, according to the great majority of respondents.

Revenue Growth and Quality of the Global Delivery Model

The worldwide delivery business model that most Indian IT and ITES enterprises adhere to has been accused of being incompatible with both revenue growth and quality. Accordingly, the study's author asked respondents to weigh in on the claim. The feedback is shown in Table-6.

Table 6 - Earnings Expansion and the Superiority of the International Service Provisioning Model

Comment	Frequency
Our global delivery model is scalable and high-quality by design.	40
Total	40

Across the board, respondents agreed that the scalable and high-quality nature of the industry's worldwide distribution business model is a major selling point. Blue-chip companies in the US and Europe have fully embraced offshore outsourcing, which involves administration of software projects from regions such as India. The responders make a valid point when they use this to back up their answer.

Markets in or outside of the country that have not yet been fully explored

It's no secret that we're not making the most of our knowledge-based economy. That our IT firms focus almost exclusively on IT services rather than IT goods is the most frequent criticism levelled at them, and it's fair to say that they deserve it. Although the tendency is rising, our IT industry still has a limited presence in high-value projects in the service sector. Additionally, there are subsets of the industry that our IT businesses have not yet, or have only partially, penetrated. For this reason, the study's investigators asked respondents to name any domestic or international markets that have been underserved by the country's IT sector. Respondent-identified portions are presented in Tables 7 and 8.

Table 7 - Those Parts of the Country That Have Not Yet Been Fully Exploited

Segments	Frequency	Percentage
Customer Care	8	20.00
Finance	5	12.50
Agriculture	4	10.00
Education Management	4	10.00
Infrastructure	4	10.00
Telecom	4	10.00
Health	3	7.50
Knowledge Management	3	7.50
Logistics	3	7.50
Security	2	5.00
Total	40	100.00

Table 8 - Markets outside of India that are underserved

Segments	Frequency	Percentage
Agriculture, Logistics	29	72
Knowledge Management, Financial Services	11	28
Total	40	100.00

Possibilities Emerging in the Market for Software Products

While India has made a name for itself in the IT services industry, it has yet to make a significant impact in the software product sector. According to Nasscom, India has secured just \$.02 per capita of the USD 180 billion markets. In this regard, it is important to determine whether or not Indian players now have access to a wider range of options and, if so, in what fields these chances might be found. Table 9 displays the responses, with a focus on the regions where respondents see the most opportunity.

Table 9 - Possibilities Emerging in the Market for Software Products

New Areas	Frequency	Percentage
Product shrink-wrapping innovation	12	30.00
Embedded software	8	20.00
Acquiring new products and improving existing ones	8	20.00
Creation of Tailored Parts	6	15.00
Leveraging Development Resources Abroad	6	15.00
Total	40	100.00

Embedded software, specialized component development and delivery, capitalizing on offshore product development opportunities, product acquisition and enhancement, and the creation of shrink-wrapped products are all areas where Indian businesses are increasingly seen as competitive on the global stage.

Difficulties confronting India's technology sector

Our IT sector has continually adapted to new threats in the international IT market. Sometimes adjusting to new circumstances is simple, and other times it's not. Consequently, the researcher asked the respondents to specify the difficulty they had encountered. The results of the survey are shown in Table-10.

Table 10 - Difficulties confronting India's technology sector

Challenges	Number of Respondent	Percentage
Need to move up the value chain	23	57.50
Pressures on revenue and margin	9	22.50
Emergence of lower-cost destinations	4	10.00
Threat from multinational vendors	4	10.00
Total	40	100.00

The majority of respondents (57.50%) agree that it is important to advance one's position in the value

chain. The difficulty facing India's IT sector is the necessity to climb the value chain.

CONCLUSION

Strategic Options for the Indian Information Technology Industry, The evolution of corporate strategy has been hastened by the IT revolution. Invoking TRIPS' rules will benefit Indian IT enterprises. That Indian IT companies might have done considerably better if they had strategically utilized their advantages, notably in the branded software industry and the under-penetrated markets, is emphasized in the article. Indian software businesses are increasingly investing considerably in training and cutting-edge programming abilities in order to preserve their competitive advantage. Quality standards like ISO 9000 certification have also been enthusiastically adopted by them. A research of the IT-ITES industry's requirements on a national and worldwide scale was conducted in order to gain a comprehensive picture and evaluate the potential that exists in the IT sector.

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