

# Effects of Strategic Management Practices and Performance in it Industries

Sibendu Nag<sup>1\*</sup>, Dr. Sunita Chauhan<sup>2</sup>

<sup>1</sup> Research Scholar, University of Technology

<sup>2</sup> Professor, Department of Management, University of Technology

**Abstract** - Information technology companies have a variety of strategic alternatives available to them. 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. 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. For India to stay competitive in the global economy, the present business climate and emphasis areas make it evident that considerable efforts are needed.

**Keywords** - Effects, Strategic Management, Practices, Performance, IT, Industries, etc.

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## INTRODUCTION

In order to preserve HRM's worth in businesses, strategic HR practises have been developed. Human resource management has evolved into a role seen as crucial to an organization's success in achieving its goals. Work has shifted from being a matter of survival to a means of expressing one's individuality, and this shift has prompted businesses to set new benchmarks in order to retain employees and boost their sense of fulfilment on the job. The major objective of this study was to analyse the level of adoption of strategic human resource management practises, such as work-life balance, throughout the automotive industry. (1) In order to rise to the difficulties of the twenty-first century, organisations place a premium on competitive workforces, highly motivated workers, and the higher income created by these factors. Employees' ability to maintain a healthy work-life balance at all levels of management has been severely impacted by the current period of hyper competitiveness. In this paper, the authors reflect on a short elaboration of the concept of work-life balance, its significance for companies, and the different developing practises and activities related to it. Extensive prior research on work-life balance theory and practise has been expanded upon by the new studies. Especially in today's fast-paced business environments, the results show that a healthy work-life balance is crucial for both the company and its employees. It aids the company in improving its productivity, efficiency, competitiveness, and morale, giving it an advantage in the market. The same holds true for work-life balance programmes, which have been shown to promote

employee motivation, empowerment, job satisfaction, and loyalty.(2)

The growth rate of exports of Indian software and services has been impressive. IT services have a 20-22% annual growth rate, whereas IT enabled services (ITES) including contact centres, BPO, and other administrative support activities have a growth rate of approximately 55% each year. It is anticipated that their combined growth would average 25% each year until the year 2010. The information technology sector is heavily focused on international trade, with several Indian companies leading the way. Aviation, banking, insurance, real estate, and enterprise resource planning are just some of the sectors that might benefit from Indian IT outsourcing services (ITES), which are always improving to handle more complicated data sets. Several of these companies have branched out into more fruitful areas, such as product design, human resource management, and the development of mission-critical software. the outsourcing of knowledge processes for pharmaceutical companies, and the management of large, complex projects.(3)

## Strategic Management

In order to understand strategic management, it is necessary to first understand the ideas of strategy, strategic planning, and strategic choice. Developing a strategy is a long-term undertaking. It is important to remember that a process is a series of steps that must be completed sequentially. To look at it from

this angle, a process looks to be nothing more than a basic occurrence. It is only on a conceptual level, however, that this simplicity is apparent. In reality, the process is far more complicated since it is characterized by a definable flow of information through connected phases of analysis aimed at achieving goals. For this reason, it is imperative that the process be treated as a whole; a dynamic interplay of various elements that affects and influences each other. On a conceptual foundation, it is impossible to define strategic management in a clear and accurate manner. As a result, strategic management must be given an operational definition.

### Strategic Management Process

What strategic management is all about is connecting a company to its environment by taking the appropriate actions. The substantive and procedural components of any activity are intertwined. Substantive action entails deciding what to do and procedural action requires deciding how to execute it. Both aspects are interrelated and work together to achieve the goals for which action is planned. Substantive and procedural dimensions are used in strategic management to determine and implement a strategy or a collection of strategies. The strategic management process includes a number of functions that must be completed in order to formulate and implement a strategy. However, because strategic management is an ongoing and dynamic activity, the following issues arise when attempting to define and order these components: (4)

- Many writers and practitioners aren't all on the same page when it comes to how these factors interact with one another. As a result, there is a lack of clarity when it comes to these parts.
- A second challenge arises when it comes to arranging the various aspects sequentially since strategic management is a continuous activity with no apparent beginning or conclusion.

There is no doubt that strategic management is a difficult process, as demonstrated by the aforementioned two issues. Strategic management and its different components are the same in both types of companies since they are based on the same core processes. As a result, strategic management is a process that includes an organization's mission, environmental analysis, organizational analysis, the discovery of alternative strategies, the selection of a strategy, execution, and strategic assessment and control. Feedback is offered in light of strategic review and control in order to take extra steps if necessary to attain objectives.

### Strategic Management System

**1. Planning:** Between the mid-1960s and the mid-1970s, the discovery of a planning method that started

in 1950 became immensely popular. To this day, strategic planning has been employed to solve many kinds of problems. Planned strategies were resurrected and adopted by commercial groups in the 1990s. To ensure success, a company's strategic business plan serves as the road map. Similar to a football team, a successful firm requires a well-thought-out game plan, just like a successful football team requires a competent game plan. During the pandemic crisis, the whole strategy plan has been influenced by the global economic slowdown by a reduction in revenue from all enterprises. With so many fantastic options, choosing the best is a difficult management choice that culminates in a strategic plan. (5)

**2. Risk Analyzing:** The notion and practice of risk assessment are not new. Athenians began weighing the pros and cons of a decision more than two millennia ago. Risk analysis and mitigation, on the other hand, is a relatively new tool and approach that has been around for less than a decade. During this time, we read and learn the fundamentals of risk analysis, impact assessment, and risk management in the classroom, training sessions, journals, YouTube, and conferences. Since then, the topic of risk management has received far more attention than it has ever had before.

**3. Organizing:** The goal of organizing is to ensure that everyone's efforts are coordinated by establishing task and authority connections. Organizing involves deciding what has to be done, who will carry it out, and who is responsible for what. Despite the fact that a less structured company may be more trustworthy, a well-organized corporation always wins. The company's success may be attributed to a strong management team and a motivated workforce. A disorderly company has a harder time successfully allocating and utilizing its resources. Managers might organize their staff into departments based on their areas of expertise in order to better direct and coordinate their efforts.

**4. Performing:** Failure of even a single component results in systemic failure, A system is a collection of interconnected components that execute a given task. A trustworthy system and culture can only be built via the recruitment and selection of employees who share those principles HR starts orientation, training, development, employee performance evaluation programmes, guideline policy that supports the company's fundamental values, and ensures that the employee's contribution to the organization is recognized and rewarded by the organization's management. (6)

**5. Evaluating:** The strategic management approach results in a long-lasting and substantial conclusion. Choosing the wrong method might result in catastrophic consequences that are difficult or impossible to undo. Organizational well-being depends on assessing strategy, managers can be

alerted to possible problems through the on-time assessment process. A company's strategy and operational procedure are examined, compared to actual outcomes, and corrective measures are taken to ensure that the plan is being followed. Early input is critical to the success of an efficient evaluation plan.

**6. Realigning:** Currently, we are at the crossroads of the 4.0 industrial revolution. It is impossible to return to the way things were before the rise of globalization, technology, and digitalization in the last few decades because we can't go back to the way things were. Businesses, economies, and acceptable social outcomes continue to be misaligned because of the current economic and political upheaval. These energies may be re-aligned to better prepare us for any challenges that may arise, and there is still time.

**7. Financial Performance:** Business sector outputs and results are a main reflection of the industry's overall financial health during a certain period of time. An organization's ability to enhance shareholder wealth and profitability might clearly be seen in this data.

**8. Commitment to Customer Satisfaction:** It is vital in today's marketing ideas and practices that stress the rapid market expansion in Asia to ensure that customers are satisfied and that revenues are generated in return. The corporate brand image of Bulgarian banks has shown promising results in terms of customer happiness and loyalty, particularly in services that influence the success of enterprises on the market.

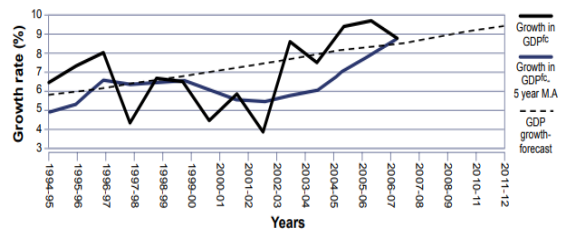
**9. Synthesis:** The planning approach and process were revitalized in the 1990s and are still widely utilized today by businesses. Planning, organizing, motivating, and controlling are only few of the key parts of management.

**Growth in Domestic Market**

India has a huge population of over a billion people and a labour force of almost half that number. India's economy has been booming recently, and it had the world's highest GDP growth rate in 2006–2007 at 9.2 percent. It's possible that the liberalization, privatization, and globalization of the Indian government's economy around the turn of the millennium is responsible for this expansion. India's rise to prominence in the global economy is in no little part attributable to the accomplishments of Indian college grads working in the field of information and communications technology. Workers with lower-level capabilities, such as those needed in contact centres and business processing outsourcing, were brought in to augment this. (7)

Economics and the Future of the Economy Because of liberalization, privatization, and globalization, the Indian economy is transforming at a breakneck pace. Since 2003–2004, annual GDP growth rates have

been over 8%, signaling an acceleration of economic expansion.



**Figure 1: GDP at Factor Cost–Annual and Five-Year Average Growth**

It is projected that by 2012, the largest contributors to GDP would be the information and communication technology, business process outsourcing, financial services, and management information services sectors.(8) During 2006–07, the ITES and BPO industries saw double-digit revenue growth, consistent development into novel service lines, and a record-breaking increase in investments from MNCs. The total income from exports increased by 32.6%, from \$23.6 billion in 2002-03 to \$31.3 billion in 2006-07. Companies like Nokia, Motorola, Foxconn, Samsung, LG, Ericsson, and DELL, all household names in the electronics and IT hardware industries, have established operations or are in the midst of doing so in the nation during the last several years.

**Strategic Human Resource Management Practices**

Human resource professionals and academics have instead on other pressing issues. What is it, and how is it done, that takes a strategic approach to HR management? Is the likelihood of SHRM implementation increased when a selected group of external and internal factors are present? The policies and procedures that constitute the various Human Resource strategies are another point of interest. Finally, recent years' worth of study output has focused on analysing the correlation between HR practises and business results. The Strategic Human Resource Management (SHRM) method is a way of approaching organisational decision-making and planning in terms of the organization's programmes, policies, and practises relating to the employment relationship, training and development, resources, compensation and benefits, and the management of employees' performance. From the intersection of HRM and business strategy comes the idea of strategic HRM. Key ideas of strategy, strategic intent, including resource-based strategy, strategic capability, competitive advantage, and strategic fit, are included into the HRM model with the model's primary emphasis on strategy, integration, and consistency. (9)

Management of an organization's human resources in a way that serves its long-term objectives is called strategic human resource management. What

emerges from this process is a set of choices made over time that constitute the HR policy of the firm. These centre on the company's determinations on the actions and adjustments that must be made in relation to managing people.

### **Strategic HRM Policies and Practices on Work-life balance**

The techniques provide as a framework for strategic human resource management implementation. Gaining the most out of one's human capital will be of paramount importance. A high-performance strategy will stress the value of developing and sustaining a culture of peak performance. Management that is both hands-on and dedicated will help foster an engaged team. Strategic human resource management includes devising and executing plans for each HRM component, such as those outlined above for achieving a healthy work-life balance.

- Human Resource Planning
- Recruitment and Selection
- Induction
- Training & Development
- Performance Appraisal
- Compensation
- Employee Relations
- Reward & Award
- Incentives
- Promotion

### **Key Trends Forecast For Global IT-ITES**

In FY16, the Indian IT-ITES5 (information technology enabled services) market is expected to generate more than \$36 billion, an increase of more than 28 percent from FY15. Exports of software and services are expected to grow by 32%, to \$23.4 billion in FY06 (National Association of Software and Service Companies NASSCOM estimates). Exported goods account for over two-thirds of the economy's revenue. The fact that India is at the vanguard of the outsourcing wave<sup>6</sup> has led to projections of a 25-28% increase in software and services exports in the following fiscal year, with sales of \$36-38 billion. This fiscal year, IT and telecoms exports are projected to increase in revenue by 27-30%, reaching \$29-31 billion. The growth of India's domestic market mirrors the robustness of the country's economy, which has increased by more than 8% during the first three quarters of the current fiscal year and by almost 7% yearly since 2002. (FY 2015-16).

There has been significant maturation in the Indian domestic market, and it is expected to grow at a faster pace than IT/ITeS exports revenue in the years following 2006. India is so much more than just a sourcing base; it is also a terrific market with huge domestic consumption. The information technology and information technology services sectors contributed around 4.8% of GDP in FY06. India's engineering and research and development sectors, as well as its software product sectors, are poised for rapid growth, with projections of 37% and 43% (CAGR FY 2003-06E), respectively. As of this writing, the Indian information technology and ITeS business is on track to export \$60 billion in FY 2010. (11) India has long been one of the world's top suppliers, and that role is expected to continue far into the foreseeable future. Because of evolution, many subcultures now have complex ways of operating. Indian IT and ITES companies have developed global delivery models (onsite, near shore, and offshore), committed to long-term partnerships with clients, increased the variety and volume of their service offerings, achieved significant economies of scale, expanded the appeal of their services beyond price reduction to include premiums for quality and originality, refined their pricing strategies, and sought long-term answers to problems like risk mitigation, talent acquire, and pricing. The demand for Indian IT services and ITES has been fueled in large part by the increasing difficulty international corporations have had in keeping up with the changing global economic climate. Financial accounting, call centers, and business process outsourcing are just a few examples of the growing service sectors in India that might benefit from FDI. In this respect, there is a great deal of potential for growth. Biotechnology and bioinformatics are prioritized areas for growth on the government's agenda, and they provide a potential market for FDI.

### **The Indian IT Workforce Market**

There are direct and indirect ways in which information technology might help the economy create jobs. New employment openings are being created in India as a direct result of the booming computer hardware and software businesses. Computer technology is having a multiplier effect on other businesses since it allows them to provide more services to more people, which in turn may lead to faster overall growth. When compared to its direct effects, IT's indirect effects are enormous. For every new job that has been generated in the United States' information technology sector, an extra ten have been made possible in other sectors thanks to the widespread adoption of IT. Not included here are the jobs that sprung up outside of IT as other industries expanded in response to the IT boom.

Information technology (IT) may either increase or decrease the need for human labour. It was originally thought that the proliferation of computers would lead to widespread loss of employment, much as the advent of automated machines did to manual



labour in factories and fields. Twenty years of data, however, show that the opposite is true. Though some occupations may be lost to automation, the overall employment picture improves as a result of computerization. Many different industries have been given a boost by the proliferation of computers. This is not simply the case for companies that deal directly with computers, including those engaged in R&D, education, or service. In reality, the widespread use of computer technology is giving a boost to every area of the economy. According to research conducted by the National Research Council of the United States, IT has a stimulating effect on the expansion of several service sectors. Education, banking, insurance, and healthcare are expanding at the quickest rates because they have adopted IT solutions. Evidently, IT helps with jobs and education. There is data to suggest that IT helps increase employment opportunities and improve workplace proficiency.

**Recent Performance of India’s IT Sector**

India's IT sector brought in \$7.7 billion in 1999, 15 times what it brought in back in 1990. The export market increased from \$150 million in 1990 to about \$4 billion in 1999. The Indian information technology (IT) software and services industry grew at a CAGR of over 50% between 1991 and 2001, about twice as quickly as the software industry in the United States, but starting from a lower foundation. In the last decade, no other nation has averaged annual growth rates of above 50%. Midway through 2001, experts predicted that India's software business will generate \$12 billion in revenue by 2011, with exports contributing as much as \$7.9 billion to this total.

The international demand for software services is a major factor in the expansion of India's IT industry. More than \$100 billion is at stake in the outsourcing industry worldwide. During the years 2000-2011, software exports made about 13% of India's total exports. A projected 23% of India's overall exports would come from software by the year 2003. The percentage of the worldwide market that India has cornered for bespoke software development is already sizable. A 1991 World Bank research found that India had over 11.9 percent of the international market. It was 19.5% back in the year 2000. In 2016, 266 of the Fortune 1000 chose to have their software needs met by firms in India. Over 1,250 Indian enterprises are now engaged in software exportation.

**Table 1: McKinsey Estimate of Growth Potential for IT Enabled Services in India**

Services (In \$ billion)	Year 2008	Year 2018	CAGR
Customer Interaction Services	6.5	33.0	18
Finance and Accounting Services	1.5	15.0	26
Animation	1.3	2.0	4
Translation, Transcription and Localisation	0.3	1.2	21
Engineering and Design	0.4	5.0	29
HR Services	0.2	44.0	71
Data Search, Integration and Management	--	18.0	--
Remote Education	--	15.0	--
Network Consulting and Management	--	5.0	--
Website services	--	3.0	--
Market Research	--	1.0	--
Total	10	142.0	30

**Efforts by the Indian IT-ITES Industry**

Indian software giants are riding the tide of growing popularity of offshore outsourcing among developed-country businesses. The dramatic growth in the number of international visitors visiting India from other countries, as well as the growing enthusiasm from American and European businesses to try out outsourcing, are both clear indicators of this. The "Global Delivery Model," which has received many accolades, is unquestionably an essential component of this successful endeavour. This business model has allowed Indian software businesses to successfully complete software projects—both basic and complex—for Fortune 500 and other blue-chip organisations throughout the globe from off-shore, less expensive places like India. Therefore, businesses operating in India's IT and ITeS sector deal with clients that want even faster worldwide service. Because of this, the global players would be compelled to develop their own talents, which is good news for the Indian stars. Before receiving a similarly robust competitive reaction from their worldwide counterparts, (12) the Indian players have little need to alter their current strategies. After all, they are now experiencing success.

With this business model, Tata Consultancy Services, Infosys, and Wipro, the three largest businesses in the Indian software sector, have all broken into the \$1 billion revenue club. Mr. Nandan Nilekani, President, CEO, and Managing Director of Infosys, is a staunch supporter of the Global Delivery Model and believes it will continue to be a driving force in the expansion of India's software sector. In his opinion, clients have caught on to the fact that the offshore approach reduces costs while increasing value, quality, and speed to market.

## CONCLUSION

Due to a lack of resources in terms of time, money, etc., the study only covers IT and ITES companies in and around Bangalore. Exports are also a possibility for the units. Despite the fact that the study focused on units in and around Bangalore, the findings may and should be extended to other units throughout the country. To preserve competitive position, Indian IT businesses are currently investing extensively in training and leading-edge programming abilities. They have also been eager adopters of international quality standards. To gain the whole picture and to realize the possibilities available in the IT sector, the national and worldwide situation of requirements of the IT- ITES business.

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### Corresponding Author

**Sibendu Nag\***

Research Scholar, University of Technology