Study on Foreign Direct Investment in India

Amit Kumar[1] Dr. N. P. Sharma[2]

[1]Research Scholar, CMJ University, Shillong, Meghalaya

[2]Director NIMBUS academy of Management, Headwali, Dehradun

Abstract – Strategic management techniques can be viewed as bottom-up, top-down or collaborative processes. In the bottom-up approach, employees submit proposals to their managers who, in turn, funnel the best ideas further up the organization. This is often accomplished by a capital budgeting process. Proposals are assessed using financial criteria such as return on investment or cost-benefit analysis. Cost underestimation and benefit overestimation are major sources of error. The proposals that are approved form the substance of a new strategy, all of which is done without a grand strategic design or a strategic architect. The top-down approach is the most common by far. In it, the CEO, possibly with the assistance of a strategic planning team, decides on the overall direction the company should take. Some organizations are starting to experiment with collaborative strategic planning techniques that recognize the emergent nature of strategic decisions.

Key Words; Strategic Planning, Assistance, Collaborative.

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INTRODUCTION

Strategic decisions should focus on Outcome, Time remaining, and current Value/priority. The outcome comprises both the desired ending goal and the plan designed to reach that goal. Managing strategically requires paying attention to the time remaining to reach a particular level or goal and adjusting the pace and options accordingly. Value/priority relates to the shifting, relative concept of value-add. Strategic decisions should be based on the understanding that the value-add of whatever you are managing is a constantly changing reference point. An objective that begins with a high level of value-add may change due to influence of internal and external factors. Strategic management by definition, is managing with a heads-up approach to outcome, time and relative value, and actively making course corrections as needed.

REVIEW OF LITERATURE

Simulation strategies are also used by managers in an industry. The purpose of simulation gaming is to prepare managers make well rounded decisions. There are two main focuses of the different simulation games, generalized games and functional games. Generalized games are those that are designed to provide participants with new forms of how to adapt to an unfamiliar environment and make business decisions when in doubt. On the other hand, functional games are designed to make participants more aware of being able to deal with situations that bring about one or more problems that are encountered in a corporate function within an industry.

THE STRATEGY HIERARCHY

In most (large) corporations there are several levels of management. Corporate strategy is the highest of these levels in the sense that it is the broadest – applying to all parts of the firm – while also incorporating the longest time horizon. It gives direction to corporate values, corporate culture, corporate goals, and corporate missions. Under this broad corporate strategy there are typically business-level competitive strategies and functional unit strategies.

MATERIAL AND METHOD

Corporate strategy refers to the overarching strategy of the diversified firm. Such a corporate strategy answers the questions of "which businesses should we be in?" and "how does being in these businesses create synergy and/or add to the competitive advantage of the corporation as a whole?" **Business strategy** refers to the aggregated strategies of single business firm or a strategic business unit (SBU) in a diversified corporation. According to Michael Porter, a firm must formulate a business strategy that incorporates cost leadership, differentiation, or focus to achieve a sustainable competitive advantage and long-term success. These three rules are also known as Porter's three generic Strategies; this concept can be applied to any size or form of business. Porter considered this concept as tradeoff strategy and argued that a person or company must only choose ONE strategy or risk having no strategy at all. Alternatively, according to W. Chan Kim and Renée Mauborgne, an organization can achieve high growth and profits by creating a Blue Ocean Strategy that breaks the previous value-cost trade off by simultaneously pursuing both differentiation and low cost.

Functional strategies include marketing strategies, new product development strategies, human resource strategies, financial strategies, legal strategies, supply-chain strategies, and information technology management strategies. The emphasis is on short and medium term plans and is limited to the domain of each department's functional responsibility. Each functional department attempts to do its part in meeting overall corporate objectives, and hence to some extent their strategies are derived from broader corporate strategies.

CONCLUSION

Many companies feel that a functional organizational structure is not an efficient way to organize activities so they have reengineered according to processes or SBUs. A **strategic business unit** is a semi-autonomous unit that is usually responsible for its own budgeting, new product decisions, hiring decisions, and price setting. An SBU is treated as an internal profit centre by corporate headquarters. A technology strategy, for example, although it is focused on technology as a means of achieving an organization's overall objective(s), may include dimensions that are beyond the scope of a single business unit, engineering organization or IT department.

An additional level of strategy called **operational strategy** was encouraged by Peter Drucker in his theory of management by objectives (MBO). It is very narrow in focus and deals with day-to-day operational activities such as scheduling criteria. It must operate within a budget but is not at liberty to adjust or create that budget. Operational level strategies are informed by business level strategies which, in turn, are informed by corporate level strategies.