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Contemporary Direct Investment in India A Review

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Abstract – Since the turn of the millennium, some firms have reverted to a simpler strategic structure driven by advances in information technology. It is felt that knowledge management systems should be used to share information and create common goals. Strategic divisions are thought to hamper this process. This notion of strategy has been captured under the rubric of dynamic strategy, popularized by Carpenter and Sanders's textbook. This work builds on that of Brown and Eisenhart as well as Christensen and portrays firm strategy, both business and corporate, as necessarily embracing ongoing strategic change, and the seamless integration of strategy formulation and implementation. Such change and implementation are usually built into the strategy through the staging and pacing facets.

Key Words; Dynamic Strategy, Hamper, Implementation.

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INTRODUCTION

The Japanese method of team-based solutions is extensively used today in the manufacturing environment. The Japanese leadership approach emphasizes self-control, autonomy, and creativity among employees and requires active cooperation rather than mere compliance (Vouzas & Psycgigios, 2007). For the purpose of this study the Japanese approach was used and organizational teams encompassed the entire employee population of each manufacturing facility.

REVIEW OF LITERATURE

The management discipline is originated in the 1950s and 60s. Although there were numerous early contributors to the literature, the most influential pioneers were Alfred D. Chandler, Philip Selznick, Igor Ansoff, and Peter Drucker. The discipline draws from earlier thinking and texts on 'strategy' dating back thousands of years.

Alfred Chandler recognized the importance of coordinating the various aspects of management under one all-encompassing strategy. Prior to this time the various functions of management were separate with little overall coordination or strategy. Interactions between functions or between departments were typically handled by a boundary position, that is, there were one or two managers that relayed information back and forth between two departments. Chandler also stressed the importance of taking a long term perspective when looking to the future. In his 1962 ground breaking work *Strategy and Structure*, Chandler showed that a long-term coordinated strategy was necessary to give a company structure, direction, and focus. He says it concisely, “structure follows strategy.”

In 1957, Philip Selznick introduced the idea of matching the organization's internal factors with external environmental circumstances. This core idea was developed into what we now call SWOT analysis by Learned, Andrews, and others at the Harvard Business School General Management Group. Strengths and weaknesses of the firm are assessed in light of the opportunities and threats from the business environment.

Igor Ansoff built on Chandler's work by adding a range of strategic concepts and inventing a whole new vocabulary. He developed a strategy grid that compared market penetration strategies, product development strategies, market development strategies and horizontal and vertical integration and diversification strategies. He felt that management could use these strategies to systematically prepare for future opportunities and challenges. In his 1965 classic *Corporate Strategy*, he developed the gap analysis still used today in which we must understand the gap between where we are currently and where we would like to be, then develop what he called “gap reducing actions”.

Peter Drucker was a prolific strategy theorist, author of dozens of management books, with a career spanning five decades. His contributions to strategic management were many but two are most important. Firstly, he stressed the importance of objectives. An

organization without clear objectives is like a ship without a rudder. As early as 1954 he was developing a theory of management based on objectives. This evolved into his theory of management by objectives (MBO). According to Drucker, the procedure of setting objectives and monitoring your progress towards them should permeate the entire organization, top to bottom. His other seminal contribution was in predicting the importance of what today we would call intellectual capital. He predicted the rise of what he called the "knowledge worker" and explained the consequences of this for management. He said that knowledge work is non-hierarchical. Work would be carried out in teams with the person most knowledgeable in the task at hand being the temporary leader.

In 1985, Ellen-Earle Chaffee summarized what she thought were the main elements of strategic management theory by the 1970s.

- Strategic management involves adapting the organization to its business environment.
- Strategic management is fluid and complex. Change creates novel combinations of circumstances requiring unstructured non-repetitive responses.
- Strategic management affects the entire organization by providing direction.
- Strategic management involves both strategy formation (she called it content) and also strategy implementation (she called it process).
- Strategic management is partially planned and partially unplanned.
- Strategic management is done at several levels: overall corporate strategy, and individual business strategies.
- Strategic management involves both conceptual and analytical thought processes.

MATERIAL AND METHOD

Beginning with the Hawthorne studies of 1927-1934 and continuing for 75 years, leaders have been interested in determining the components of team effectiveness within business and industry. Over the past 30 years, researchers have helped to define team effectiveness (Campion, 1993; Cohen, 1988;

Ghalayini, Noble & Crowe, 1997; Gladstein, 1984; Gersick, 1988; Janz, Colquitt & Noe, 1997; Morgan, Salas, & Glickman, 1993; Spreitzer, 1996; Tannenbaum, 1992).

Hackman's (1990) research assessed team effectiveness in terms of three primary measures: the group's output meeting established standards, the group's ability to work interdependently, and the growth and well being of team members.

The study measured effectiveness by comparing the team's ability to meet established standards. Hackman's earlier work was advanced by Guzzo and Dickerson (1996), Sundtrom, DeMeuse and Futrell (1990), Zaccaro and Marks (1999), and Kozlowski and Bell (2003). As businesses in the manufacturing field struggle to maintain market share and competitiveness, team effectiveness is increasingly being researched (Thorpe, 2004).

Covey (1989) believed that the important element of team effectiveness was a sense of balance between production and what he called production potential or the abilities and resources that produce a preferred outcome.

Additionally, Higgins (1998) stated that organizational effectiveness is relative versus absolute, meaning that goal obtainment is measurable and specific to individual situations. Each of these efforts contributed to the body of knowledge about teams by exploring new paths in some areas and shifting the paradigm in others. From these research efforts, Henri (2004) developed the primary grouping of theories of effectiveness, which include focus models, goal models, system models, and strategic constituencies' models This study's choice of team effectiveness reflects the goal model. The emphases of the dependent variables of the study were goal obtainment and output measurements. Specific effectiveness goals are reviewed later in the chapter.

CONCLUSION

Performance management has been the subject of academic study for 25 years (Eccles, 1991; Johnson & Kaplan, 1987; Kaplan & Norton, 1992; Lynch & Cross, 1991; Thorpe, 2004). Neely (1999) estimated that 3,615 articles on performance measurement were published between 1994 and 1996 in the United States alone. A more recent study carried out at Cranfield University also highlighted the interest in this subject of inquiry (Franco & Bourne, 2003). Recent research efforts have identified leadership involvement and employee collaboration as facilitators of increased productivity (Busi & Bititci, 2006; Collins & Schmenner, 2007; Stansfield & Longenecker, 2006). As a result of the aforementioned research, some researchers argued that performance measurements provide an effective way to increase the competitiveness and profitability of the organization within the manufacturing environment (Kaplan & Norton, 2004; Moullin, 2004; Niemira & Saaty, 2004; Robson, 2004).

Balanced Scorecard / Key Performance Indicators

Covey (1989) suggested that performance measures must provide timely, relevant, and accurate feedback from both long-term and short-term perspectives. He went on to posit that measurement should be accomplished by a limited number of performance measures that include some non-financial measures. Recognizing the balance between production and production potential and the relative nature of any organizational effectiveness measurement, the Balanced Scorecard method (BSC) / Key Performance Indicator (KPI) is widely used in the manufacturing environment. Neely (2003) reported that the Lastes Gartneer research organization found that over 70% of large U.S. firms had adopted the Balanced Scorecard by the end of 2001. In a 2006 study, a Bain and Company survey of more than 708 companies on five continents found that the Balanced Scorecard was used by 62% of responding organizations (Rigby &

Goffinet, 2007). The Balanced Scorecard (BSC) concept was initially developed in 1992 by Robert Kaplan and David Norton. They suggested that the old paradigm of reliance on financial measures tended to reveal only past events and had occasionally proved inadequate in situations faced by companies in today's information age. The authors indicated that the BSC is *balanced* between objective outcome measures and subjective performance drivers of outcome measures (Kaplan and Norton, 1992). As organizations construct BSC measurables, the emphasis is on cause and effect and deployed to drive organizational change. A number of authors have acknowledged the BSC as an effective performance measurement tool (Berkman, 2002; Gumbos & Lyons, 2002).

The BSC measurable and Key Performance Indicators (KPIs) are similar and often used interchangeably in business and industry. KPIs can be financial or non-financial metrics used to quantify objectives to reflect the strategic performance of an organization. KPIs define a set of values used to measure against. The raw sets of values that are entered into the KPI system are summarized against the indicators. KPIs are typically tied to an organization's strategy. When identifying the KPIs, the acronym SMART is often applied. SMART denotes goals that are specific, measurable, achievable, realistic, and timely. Interplay between the BSC method and the KPI method are indistinguishable in most manufacturing environments. The company that provided the data for this study refers to effectiveness goals by both the KPI and BSC labels. This study employed the BSC KPI method as the dependent variables of performance measures were identified.

Selection of BSC / KPI Measurables for the Study A review of the literature shows that traditional performance measurement systems (based on traditional financial measures) have failed to identify and integrate the critical factors that contribute to business excellence (Eccles, 1991; Fisher, 1992; Kaplan, 1984; Maskell, 1992). The skills of employees are company assets just like tangible assets therefore, employees with fundamental skills are an important source when organizations seek to raise capabilities and profits (Porter, 1985). Examinations of employee-driven measures are important and should be a focal point of a leader's attention (Porter & Stern, 2001). In studies focusing on manufacturing organizations, effective teams report benefits that include increased productivity, lower attrition rates, and increased quality while maintaining a safe work environment (Manz & Sims, 1987).

The BCS / KPI performance measurable system provided the framework for this study's dependent variables. The performance indicators for this study were taken from typical manufacturing BSC / KPI measurements and included: absenteeism, attrition, accident frequency, accident severity, and defective parts produced. The current study recognized that correlative findings involving servant leadership and team effectiveness within business and industry that did not feature the BSC / KPI generated goals would be rendered inconsequential and insignificant within the manufacturing leadership community. Much of the development of leadership theory within the manufacturing segment is predicated on the belief in the interplay between leadership and goal achievement. Goal achievement is measured in the study by the five dependent variables of team effectiveness. These dependent variables provide a would-be competitive advantage in most manufacturing environments.

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