

INTRODUCTION

1.1 Problem of the Study

India has undertaken large-scale reforms introducing changes in the economy in aspects such as state control, trade, foreign investment and opening up of many sectors to the private sector, disinvestment of public sector shares etc. The economic reforms that have been introduced cover both structural and procedural aspects. As Shri Manmohan Singh, the then Finance Minister, pointed out in his budget speech in 1991-92 "The public sector has not been managed in a manner so as to generate large investible surpluses.This has put shackles on segments of Indian industry and made them serve the interests of producers but not pay adequate attention to the interests of consumers.It is essential to increase the degree of competition between firmsWe have, therefore, decided to liberalise the policy regime for direct foreign investment.”¹

By doing away with industrial licensing, the government encouraged competition in many areas of business. This led to the entry of the private sector into new business areas. Restrictions on manufacturing capacity, limitations on the extent of traded goods in a company's sales were eliminated. The government reduced its role as investor and allowed private sector investment even in the infrastructure sector. Changes in capital market such as allowing foreign equity to 51% equity (even higher, if required in

some situations) were introduced. Many procedural changes such as simplification of procedures for import of capital goods and foreign technology were introduced. The government introduced '*Eximscripts*' using which companies that had export earnings could be used to import items. Later, it allowed companies to sell a portion of their foreign exchange earnings in the open market and removed import licensing of industrial inputs and machinery, thus doing away with major elements of control.² The reform process attempted to reduce the scope of state intervention, making it less widespread, and restricted it to areas where it was essential and efficient. The insurance sector was liberalised in 1999. The New Telecom Policy - 1999, provided for the role of the private sector and allowed foreign companies in basic, cellular and value added telecommunication services. A comprehensive Electricity Act was introduced in 2003 replacing all earlier legislations and allowing competition in the power sector industry, including both public and private sector.³ The cooperative sector reform though has not been adequately addressed as yet and is functioning in a restrictive legal system, its market environment is affected by the reform process as much as other forms of enterprises.

Despite constraints in infrastructure, capital and professionalism, the marketplace has become competitive after liberalisation forcing enterprises to expand, diversify and launch new products.⁴ Even large and professionally managed enterprises, such as TELCO, faced with increasing competition and potential entrants, diversified from trucks to manufacture of small cars.

TELCO, after liberalisation has forged an alliance with Fiat for the manufacture of small trucks abroad and marketing them internationally. In addition to initiating cost reduction measures in the manufacture of steel, Tata Steel also took over Corrus, a British steel company in a successful bid. Tata Tea acquired the Tetley brand to penetrate international tea markets and has introduced value added tea such as flavoured tea in Indian markets. Tata Sons also introduced internal strategies such as revamping its human resources strategy by allowing movement of employees across the group. It also introduced a quality management initiative across the group. Thus the responses have been both external and internal to the enterprises. This has been true of other Indian business houses, such as TVS and Reliance. It should be noted that most of these initiatives have been taken up in the post-reform period. Thus changes in the market environment have induced enterprises to respond, which have far reaching implications. In the case of public sector enterprises, though there have been cases such as the Indian Telephone Industries (ITI) that has not been able to respond to market changes effectively, the Indian Oil Corporation (IOC), which not only strengthened its brand management by sponsorship of events but also launched a new premium category petrol brand, has been successful. It also strengthened its retail network to increase market penetration. In addition, public sector enterprises have been seeking greater autonomy to respond to market changes. Thus changes in the market environment have led enterprises to respond to them and also align their internal responses.

At the enterprise level, while changes in market environment induced by reforms have provided new opportunities, they have also removed barriers to entry, reducing sources of competitive advantage. For instance, dairy cooperative federations face competition from modern private dairies which are able to launch products that have been in the domain of the cooperative dairies. Even within the dairy sector, the performance of cooperative enterprises has been mixed. A few of them have been passive even in the post-liberalisation era. While part of the reasons may stem from the extent of government control in a given state, the level of market orientation of the cooperative federation may also have a bearing on its ability to be proactive to market changes. At the same time, enterprise responses to changing markets may also vary across industries depending on the degree of the regulation and competitive environment. In the case of ITI, a leading public sector enterprise in the telecommunication sector, entry of multinationals after liberalisation resulted in its loss of monopoly. This coupled with aggressive pricing policies adopted by multinational companies, a weak R&D strategy and loss of top engineers to private sector companies led to the decline of the enterprise itself.⁵ Thus response levels may vary across industries, enterprises and ownership structures. The massive changes in the policy regime called for quick and fast response on the part of the management so as to capitalise on the opportunities. But, owing to difference in styles and internal capabilities, the work culture of enterprises across the sectors and varied ownership forms, enterprises may not necessarily respond at equal pace and with the same vigour. This seemingly differential pattern of responses is expected to make

the organisation flourish or perish. Since each enterprise is unique and these enterprises have been different in terms of characteristics of ownership, control, markets, production and people, generalisation may not be easier and hence an in-depth understanding of their responses is the need of the hour. As case studies highlighting reasons or variations in strategic responses across different ownership forms have not been adequately researched, there is dire need to enquire into this area pertaining to the Indian enterprises.

1.2 Rationale of the Study

There is a need to study the strategic behaviour of Indian enterprises, in the emerging context of globalisation and liberalisation. Identification of relevant facets in strategic responses to changes in market environment would enhance strategic thinking and will help in designing strategies to be adopted to gain competitive advantage. The enterprises find themselves in a flux of change which is exacerbated on the one hand by a changing regulatory regime and the increased competition propelled by the forces of globalisation sweeping across the globe on the other. While the government has introduced changes, the enterprises have different levels of controls depending on the form of ownership and face new market-related challenges in the light of globalisation. The form of ownership may limit the manner in which the enterprises can face the environment and therefore it is important to expound as to how strategic responses are influenced by the ownership form. Thus, there is scope for further research in strategic responses of enterprises to changes in the market

environment. This is more important from the point of view of resilient and “macho” organisations.

There have been studies pertaining to well known public sector enterprises on different aspects. There is a need to focus on public sector enterprises that have not been adequately studied. Most public sector enterprises have their origins in specific contexts that led to their establishment. These enterprises, as a consequence, have representatives on the board or invitees who represent and guard the specific interests for which the enterprise was set up. Thus controls, both external and internal, are exercised by these interest groups to ensure the direction of the enterprise. Public sector enterprises, though are being given operational autonomy by giving Navaratna status, autonomy needs to be extended in strategic aspects as well. This is because despite liberalisation, the government has enormous powers in India. A study covering strategic responses of a public enterprise is likely to help understand the areas of strategy where greater autonomy can be given.

The cooperative is an important form of business enterprise in the Indian context. Long treated as an extension of the state government’s cooperative department, cooperatives have lost their enterprise orientation and are marred by scandals and politicalisation. Despite this feature there have been a few cases of successful ones that need to be studied for better understanding and policy support. This assumes importance in the context of discussions on creating a level-playing field for the cooperative sector after liberalisation.

There have been many studies on cooperatives from a development perspective and only a few from the strategic perspective of the enterprise.⁶ A few studies have been undertaken in recent times.⁷ Managerial implications of policy changes such as the proposal to allow joint ventures in dairy sector and their impact on cooperatives have been examined.⁸ Such studies are very few. Cooperatives, as enterprises, are subject to influences from different stakeholders such as the producer-members, state government, central government and the apex bodies that guide the sector. All these impact their strategic responses. Thus, any research on this aspect is a useful addition as it helps in understanding them and increasing the managerial competence and market orientation of dairy unions and federations.

Public sector enterprises and cooperative enterprises have been exposed to multinational competition for many years. Thus understanding their responses would help private sector enterprises, a point that was recognised as early as 1990s. In addition, cooperatives, to a great extent and public sector enterprises to a lesser extent, consciously invest in internal culture building, capability building and corporate responsibility, under constraining circumstances. Many top private sector enterprises can derive a lot of benefit and learn from the experiences of public sector enterprises and large cooperative enterprises. Thus, this research study is likely to be a useful addition, as many leading private sector enterprises are faced with the problem of capability-building in a competitive scenario.

Given this background, this research endeavours to examine the strategic responses of enterprises, under different ownership patterns, to the changes in the market environment. The changes in the market environment may be induced by policy reforms or otherwise. As to how these enterprises adapt themselves to gain competitive advantage is a related aspect.

Given the reducing role of government in different industries, it is important to examine whether less controlled enterprises are more market-oriented in comparison to partially controlled ones. Again there is a need to explore whether, within a given industry, the more market-oriented enterprises respond better to the changes in the market environment as compared to those having poor marketing orientation such as electricity boards.

It is proposed to examine strategic responses of enterprises in the cooperative sector, public sector and the domestic private sector in India under different levels of ownership control. This would help in finding whether there were similarities or differences in strategic responses across organisations. If so, what are the reasons for the same? Yet another important issue is related to the variation in the strategic responses of enterprises across industry environments.

Why is an enterprise more market oriented than others within the same industry and of the same form of ownership is an important issue. This study seeks to answer the question. Do ownership forms cause differences in

strategic responses within a given business environment? The case research would attempt to provide insights into the same.

1.3 Objectives of the Study

- The study seeks to expound the differences in the strategic responses of enterprises under different organisational and ownership patterns to changes in the market environment. Specifically it seeks to:
- Identify the process of adaptation to changes in the market environment.
- Map out the strategic responses and gauge the orientation of the enterprises to make them competitive.
- Understand the process of capability development, using the Resource Based View of the firm.

Major Working Definitions:

The working definitions of concepts such as '*strategic response*', '*market environment*', '*market orientation*' etc., are given below:

- At this stage, it is useful to understand that the management response broadly implies the direction in which an enterprise is moving in terms of market penetration, market development, product development and diversification (product-market scope) and other long term decisions such as changes in organisational structure etc. These responses could be induced by changes in policy or other market changes.

- Market environment could perhaps be seen in terms of new entrants, new/substitute products, competition in the industry, etc. Changes in the market environment can be brought about by reforms or otherwise (for instance, emergence of new market segments).
- In defining strategy, a relevant one is that of Alfred Chandler, Jr.,(1962) who stated “Strategy can be defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.”⁹
- Market orientation implies a set of beliefs that puts the customers’ interest first, the ability of the enterprise to generate, disseminate and use superior information about customers and competitors, and the coordinated application of inter-functional resources to the creation of superior market value.¹⁰

1.4 Methodology

Techniques:

It is essential to examine the responses of various enterprises and the case study method lends itself to such an approach. Research can be conceptual, involving theory building or empirical involving generalisation. In case research, generalisation is not a necessary condition. A case study, according to Yin (1981) is an “empirical enquiry that investigates a contemporary

phenomenon within its real life context” when there is an overlap of the phenomenon and the context, using a variety of sources as evidence.¹¹ Case research is preferred in this study as it enables the researcher to go deeper into the issue. It also involves approaches such as participant observation. The responses of enterprises are unique and therefore cannot be generalised. In the context of this study, an endeavour has been made to understand specific responses to changes in market environment. Thus the research methodology is a qualitative one. The case study method is appropriate in situations where the research seeks to develop deeper insights of a given situation (Yin 1989).¹² This view is supported and recognised by Perry (2000) in the context of case research in marketing.¹³

Case study, as a research tool, helps in understanding “how” and “why” of a situation and facilitates deeper investigation.¹⁴ “Real business of a case study is particularisation and not generalisation” (Stake as quoted in Naumes and Naumes 1999).¹⁵ Even though case study is qualitative in nature and validation aspects are difficult, it is very useful in exploratory situations. It overcomes limitations of non-response and incorrect, biased responses in questionnaire surveys etc., in the Indian context. Ickis (1978) used case method as a research tool and a clinical approach.¹⁶ Tobin (2005) used the case research methodology to understand the issues of autonomy in a Chinese state-owned enterprise.¹⁷ Case method has been used to study specific issues in the cooperative sector and a synthesis of cases has been attempted.¹⁸ Similarly, it has been used to study business growth achieved by successful enterprises, set

up mostly by first generation entrepreneurs.¹⁹ Hence, a case research methodology is used and not a teaching case methodology. A research case method not only helps identifying the issues but also permits the use of a strategic framework for its analysis so as to understand the process of decision-making.

The enterprises, to be studied, have been chosen on the basis of the level of deregulation. For instance, dairying is partially deregulated, whereas computer software industry has low levels of regulation. The ownership types that will be covered are:

Domestic Private Sector Enterprises:

This category of enterprises forms the bulk of Indian business scene. According to ownership groupings, the CMIE database, as given in Table 1.1.1, indicates that the domestic private sector has higher sales and total assets than the foreign private sector in India.

Table 1.1.1: Sales and total assets as per ownership groups

Ownership Groupings	All Companies: Sales (Rupees crore)			All Companies: Total Assets (Rupees crore)		
	2003-04	2004-05	2005-06	2003-04	2004-05	2005-06
Government	703406.2	825416.4	882202.3	2715953.6	3081031.4	3389754.8
Private sector	951525.5	1136696.8	1237717.4	1747806	1980036	2353717.1
Indian private sector	797820.3	949261.6	1035975.6	1437191.2	1625400.6	1945662.9
Foreign private sector	153705.2	187435.2	201741.8	310614.8	354635.5	408054.2

Source: CMIE (June 2007), Economic Intelligence Service, Corporate Sector, pp.2,10

Though MNCs are also present in India, their direction is, to a great extent determined by the policies of their parent companies, based elsewhere. Unlike MNCs, domestic private firms are getting exposed to the phenomenon of liberalised business environment. Hence understanding the domestic private sector firms' responses makes more sense in that their managerial competence can be strengthened. Further the findings of the study will have practical utility for the corporate sector.

Public Sector Enterprises:

Till the initiation of the reform process in 1991, the Indian business scene was dominated by public sector enterprises. How these enterprises have responded to changing market environment is of interest and helps comparison across ownership forms. Public sector enterprises occupied the commanding heights of the Indian economy. They operated in sectors that called for huge investment, in areas critical to defence of the country, and that were socially relevant. After liberalisation, disinvestment was initiated in some cases or got sold to private enterprises as in the case of Modern Bread and Indian Petro Chemicals Limited.

Cooperative Enterprises:

Cooperatives, as enterprises, have not been examined adequately by researchers, though there are many studies pertaining to the cooperative sector. Thus this research is likely to add to knowledge-building, with respect to cooperative enterprises. Cooperative enterprises also have various degrees of

government control in different states. In some states the Managing Director is an IAS officer deputed from the state cadre while in others, the chief executive can be a professional. A few states have incorporated features of the model cooperative act while others still retain the older version with overriding powers to the government. Examining strategic responses of cooperatives therefore, has relevance in our context.

Operational Definition of Ownership Form:

In the context of the research on enterprises across ownership forms, it is important to arrive at an operational definition of the same. Often ownership implies extent of shareholding aspects. In the case of cooperatives, this form can indicate unitary and federal forms. In the case of private sector enterprises, voting rights are linked to the extent of shareholding. With regard to public sector, the government is the majority shareholder.

There are however basic differences between public sector and cooperative enterprises.²⁰ Firstly, members of a cooperative contribute only a small amount of the capital. Bulk of it comes from the government. Secondly, lower rungs are embedded in their higher level and these, in turn, are managed by elected representatives from the lower rungs. Thirdly, unlike public enterprises, there are elected non-official board members. Irrespective of the number of shares held, in cooperatives, there is only one vote and ownership is exercised through other means.

Parthasarathy (1992),²¹ while comparing investor-oriented firm (Nestle), producer-oriented firm (Mehsana Union), government utility (Greater Bombay Milk scheme-GBMS), concluded that the motivation of each of these ownership forms was different.* The orientation of the enterprise influenced even product mix decisions, productivity enhancement programmes etc. Thus there is more to ownership than holding of shares. Hence, in our context, the orientation of the enterprise helps to understand their strategic responses better.

A few more issues are relevant that support the case for a broader definition of ownership forms:

In the case of cooperatives, non-members can participate in the activities (say giving milk to society or involve in discussions without becoming members) even though they do not have voting rights.

Ownership form of an enterprise defines its identity such as private, public or cooperative in an environmental sense while matrix, line, functional or a combination of these, relate to its internal aspects. Hence the definition of ownership forms based on the design principles and its identity, and orientation makes the findings of this study relevant for the future.

* Nestle focused on product mix that gave higher profits, return on equity and appreciation of share value, Mehsana Union's thrust was on distribution of surplus to members and providing veterinary services to members at subsidised rates. GBMS provided milk to consumers at subsidised rates.

Choice of Enterprises:

The choice of the enterprises (research sites) were chosen on criteria such as uniqueness, performance, size, age, turnover, products marketed and qualitative aspects such as managerial skills etc.

In the case of the dairy sector the enterprises chosen were Gujarat Cooperative Milk Marketing Federation (GCMMF), India's largest, most profitable and producer-owned cooperative enterprise. Karnataka Cooperative Milk Producers' Federation Ltd. (KMF), the second largest one in the dairy sector in India, has been chosen as it is a cooperative with strong control of the state government. It is also a pilot site for many innovations introduced by NDDB. KMF has also an interesting origin as a developmental project and as a public sector enterprise before their merger to emerge as a cooperative federation pursuant to NDDB's policy.

Bharat Electronics Limited (BEL) is a public sector enterprise headquartered in Bangalore with government ownership and mandated to produce equipment suited to the needs of the Indian armed forces.

Infosys Technologies Limited was chosen as it is a private sector enterprise being publicly owned by shareholders.

Data Sources:

The sources of data include:

- In the case of GCMMF and KMF, it involved examination of the annual reports of the organisations. Internal publications and Management Traineeship project studies pertaining to these cooperatives were looked into with permission from IRMA.

Discussions were held with officers of GCMMF and KMF to supplement information so collected with a view to gain an understanding of the decision-making process. At the behest of IRMA, a series of cases on specific aspects of these enterprises were written by this researcher to understand the strategic aspects (care was taken to avoid giving commercial information). These were useful sources of information in our research context.

- The researcher also participated in meetings as an observer that provided useful insights on issues. In-depth interviews were also carried out in these enterprises and NDDB, using a check list. Care was taken to develop insights rather than commercial information. The draft strategic marketing plans of KMF-affiliated dairy unions and the draft Vision 2010 of NDDB were also sources of information.
- In the context of BEL, the summary of the annual Public Enterprises Survey was examined. In-house publications pertaining to the quality initiative of BEL were looked into. In addition, interviews were

undertaken at the Bangalore corporate office. A few top executives were interviewed twice. As requested by the officers only publicly available information is provided in our case research. Insights gained during discussions have been used in a qualitative manner in the analysis.

- In the case of Infosys, being a service and consulting firm, a major constraint is the confidentiality condition between the company and the client firm. This prevents any disclosure of information. In the light of this constraint, it was decided to get an understanding of the IT industry from experts and by examining published information on the company, and the Annual Reports of Infosys, a few of them very detailed with write-ups by thinkers and has won many awards.
- In the context of GCMMF, BEL and Infosys, management cases written on these companies were also scanned to get an understanding of these companies.
- In addition various newspaper reports, websites of these enterprises and business magazine articles on these enterprises formed useful sources of information.

1.5 Time Span

The period covered under these cases was from 1992 to 2005, covering a significant part of the liberalisation period. A few developments that have taken place in these organisations in 2006-07 and 2007-08 have been noted and used in the case research wherever it was found relevant.

1.6 Frameworks of Analysis

Four frameworks have been used for analysing the cases. These are by Sharma (2000), Abell (1978), Miles and Snow (1978) and Murthy (1984). These have been discussed in the following sections along with the rationale for choosing these frameworks for analysis in this study.

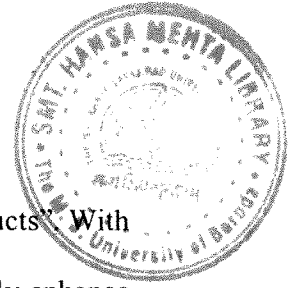
Sharma's CINE Matrix Framework: a Model of Strategic Scanning:

- CINE matrix has its origins in Kautilya's Arthashastra according to Sharma (1994).²² Kautilya, according to him, propounded that acts of human agency can be good and bad *policies* and acts of nature can be good and bad *fortunes*. This theory helps in arriving at a combination of success, partial success and failures. In addition, Kautilya proposed that the conqueror ought to march only after determining the strengths, weaknesses, place, time, losses, gains, expenses of himself and the opponent. While shades of similarity between SWOT analysis can be seen, Kautilya perhaps was the first to recognise the internal and external factors of a decision situation. Extending this approach in a modern organisational context, Sharma blended the internal and external factors in a situation with factors that are controllable or non-controllable by developing the

CINE matrix model of strategic scanning. Influence of power school of strategy and the environmental schools of strategy can be seen in this model in view of his earlier academic and research work in the cooperative and agribusiness sectors. Sharma (2000) used this framework of controllable and non-controllable factors, addressing internal and external factors that limit organisations in the Indian tea industry and used it to develop action plans.²³ The framework classifies a factor into any of the four cells: controllable-internal, controllable-external, non controllable-internal, non controllable-external. In recent times the model has been extended to joint diagnostic analysis of situations by all stakeholder-groups and for managerial action in the efforts to shift the non-controllable to controllable domain (Sharma 2007).²⁴ This framework has been extended to look at strategic responses of the cases studied as it is specifically useful in the context of member-owned organisations (cooperatives) that involve different stakeholders such as members, government and apex bodies that provide financial support. (It may be noted that Cateora and Graham (2007) have also discussed controllable and non-controllable, domestic and external factors in international marketing situations).²⁵

Derek Abell's Strategic Windows Framework:

- Derek Abell (1978) proposed the concept of strategic windows.²⁶ He proposed that Strategic Market Planning model involves the management of any business unit with the “dual tasks of anticipating and



responding to changes which affect the marketplace for its products.” With the aid of an organising framework it is possible to considerably enhance the ability to foresee change and its effects by recognising the sources and directions of change in a methodical manner. According to him, suitable responses to change require an unambiguous comprehension of different strategic options available to management in tune with market evolution and change.

- In situations where market changes are “incremental” the firms may modify themselves to new situations by altering their existing marketing or other functional plans. However, market changes sometimes can have serious consequences. In such situations the competence of the firm to maintain its course and compete convincingly is an issue. The concept of strategic windows becomes relevant and appropriate in such circumstances. According to this concept, the fit between the market demands and the organisational competencies is advantageous for a limited period in such a scenario. The importance of this approach lies in matching environmental situations with organisational capacities.

Miles and Snow's Framework of Organisational Typologies:

Miles and Snow (1978) proposed the framework for strategic adaptation of organisation in relation to the environment and an adaptive cycle (Figure 1.1).²⁷

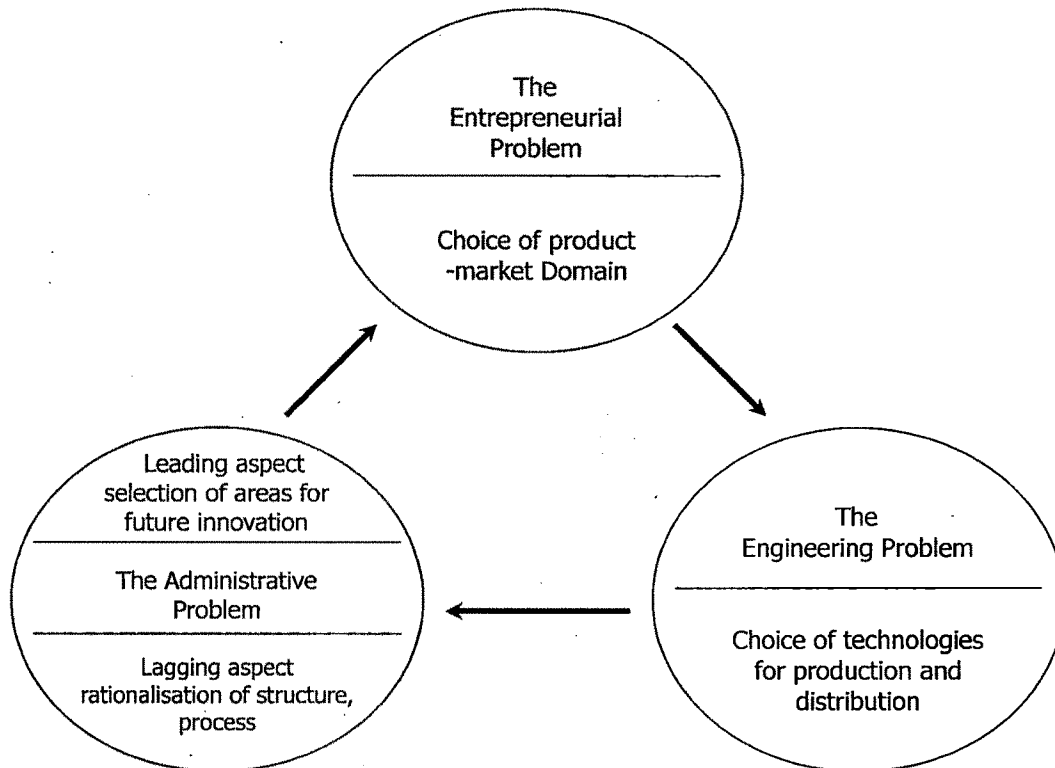


Figure 1.1: The Adaptive Cycle (Source: Miles and Snow, 1978, p.24).

“Since organisations enact their own environments, it is at least theoretically possible that no two organisational strategies will be the same. That is, every organisation will choose its own target market and develop its own set of products or services, and these domain decisions will then be supported by appropriate decisions concerning the organisation’s technology, structure and process”.²⁸

Each of these organisation types develops its strategies for responding to the environment, and each has a particular pattern of technology, structure, and process that is consistent with its strategy. These organisation types were called, according to Miles and Snow, the Defender, the Reactor, the Analyser, and the Prospector.

Their general characteristics have been outlined as follows:

Defenders are organisations which operate in narrow product-market domains. Top managers in this type of organisation have a high expertise in their organisation's limited area of operation but are comfortable in their narrow domains and do not open up outside of their domains for emerging opportunities. As a result of this narrow focus, these organisations do not have the pressure to make major modifications in their technology, structure, or methods of operation. Instead, they focus on enhancing the efficiency of their current and existing operations.

Prospectors are organisations that continually search for market opportunities, and they regularly test and try out possible responses to developing environmental scenarios. Thus, these organisations often are pioneers and are the creators of change and uncertainty that have to be matched by competitors. Given their propensity and strong orientation for product and market innovation, these organisations are found wanting in operational efficiency.

Analysers are organisations which function in two categories of product-market domains, one that is relatively secure, the other changing. In their

secure domains areas, these organisations operate in a routine and competent manner through use of formalised structures and processes. In their more turbulent and unstable areas, their competitors are monitored closely for new ideas and then they exhibit a capability to quickly adopt those which show most potential.

Reactors are organisations in which top managers frequently recognise the changes and uncertainty occurring in their organisational milieu. These organisations have weak responses and their responses are often lacking in relation to the environment. This type of organisation does not have a steady strategy-structure relationship and does not make changes of any sort until driven to do so by environmental compulsions.

The important facet of this framework is that it captures the strategy, structure and process relationships in such a way that it helps in depicting organisations and their relationship with the environment.

Murthy's Framework for Analysis of Strategic Management of Public Enterprises:

- Murthy (1984) proposed a framework of three stages in the evolution of strategic management of public enterprises.²⁹ The model is based on case studies of seven public enterprises in four countries: India, Brazil, US and Italy. It was developed using concepts from corporate strategy and political science. As per this framework these enterprises start with strategies that are more influenced by ideological and value considerations of key decision-makers than economic aspects in Stage I. In Stage II there is a balance between the two aspects, there is emphasis on growth and diversification. In the final stage, the enterprise internalises the values and aligns them with the business aspects in a manner acceptable to external decision-makers. In Stage II there is greater autonomy to the enterprise while in Stage III the strategic management is totally in the hands of the enterprise management.

1.7 Plan of the Study

The study is divided into five chapters, besides the introductory chapter which states the problem, rationale of the study, research objectives, data sources, period of the study and methodology used in the study.

The second chapter provides the backdrop to the study by critically reviewing the literature in the area of corporate strategy so as to identify the gaps in research. Instead of being chronological as in the tradition of historiography

this study is organised with review of literature on different themes such as environment, adaptation, competitiveness and resource and capability perspective.

The third chapter presents the case study of GCMMF and KMF which belong to the cooperative sector but have different ownership patterns. GCMMF is producer-owned while KMF is state-financed.

The fourth chapter presents case studies of BEL and Infosys which belong to high technology, one belonging to the product manufacturing for defence sector and owned by the government, while Infosys belongs to the IT service sector and publicly owned.

The fifth chapter presents the Resource Based View of the firm. The chapter is divided into two parts. In the first part a theoretical perspective on resource capability and competence perspective are presented. The second part of the chapter expounds these perspectives in the enterprises chosen for the study.

The last chapter presents the summary of findings with a view to arrive at tentative inferences, owing to the nature of the study. It is followed by the strategic responses that should be initiated to enhance the level of autonomy and flexibility to the enterprises.

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