

ENVIRONMENT, STRATEGY and ORGANISATION

Credits:	1.5	Faculty:	ram kumar kakani	Sessions:	10	Group Work	Yes
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Introduction and course objective

Environment, Strategy and Organization (EOS) course is based on the practices of general management. Unlike other courses you have been taught, most of which have a functional focus (e.g. marketing, operations, finance etc.), this Strategic Management course has a “general management” focus. It seeks to integrate effective execution of functional tasks towards goals that are organizational or universal. The success or failure of organisations, their relative performance in executing and realising these goals is a function of this overall Policy or Strategy constrained to the environment they operate.

Strategic Management, or nowadays simply ‘**strategy**,’ is about the direction of organizations, most often, business firms. It includes those subjects that are of primary concern to senior management, or to anyone seeking reasons for the **success and failure among organizations**. Firms have choices to make if they are to survive. Those which are **strategic** include: the selection of goals, the choice of products and services to offer; the design and configuration of policies determining how the firm positions itself to compete in product-markets; the choice of an appropriate level of scope and diversity; and the design of organization structure, administrative systems and policies used to define and coordinate work and increasingly in the contemporary world, the mode of linkage within the network. It is a basic proposition of the strategy field that these choices have **critical influence** on the success or failure of the enterprise, and, that they must be integrated. It is **integration** (or reinforcing pattern) among the choices that make it a **strategy**.

It is in this reinforcing pattern, in other words, that strategy seeks to establish. We may call it a system of governance, or often enough to overturn an existing mode of governance – to register, as the war discourse would argue – a ‘win’. This win remains the dessert of a strategy. Implicitly, therefore, strategy deals with power – in its myriad forms of manifestation. Strategy is thus about making profits; but more importantly it is about having a ‘voice’, about an influence. It is deeply analytic as we will see in the course; but is non-deterministic at the same time. Crafty strategies are built on careful considerations of cost, investments, competition, regulation and above all, the institutions of practice – yet it remains open to an imaginative feat accomplished by an ambitious strategist who can craft a novel (often cunning!) move that can bring power, that all along appeared so elusive, within her (in a gender neutral sense!) grasp. The focus of this **EOS Course**, thus, is to develop a strategic thinking mode among students. Articulation of ambition as well as perception of looming threats is a crucial step in this process. The analysis in the course will pivot mainly on the firm or the business organization, where most of you are destined to work after leaving the campus. However, the image of an organization as a stand-alone entity amidst an anonymous or nebulous environment is hardly a reality today. Organizations are deeply networked – in fact organization processes and intra-organizational sources of power are deeply infiltrated – so that several scholars now characterize firm boundaries as very porous

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and subject to a continuous threat. So the course will weave around the organization (or firm) and its choices, its role and forms of incorporation or linkage with the network and with more anonymous markets around. Organizational hierarchies, networks and markets are a continuum in modes of governance today.

Course Objective:

Drawing from relevant conceptual frameworks and real-life case studies, students of the EOS course learn to integrate strategies with culture and structure of organization in a competitive environment.

- ◆ CAREER FOCUS – It is aimed at students who expect at some point in their careers to be involved in developing corporate, business, or functional strategies in their organizations.
- ◆ EDUCATIONAL OBJECTIVES – The objective of the course is to enhance a students capacity for strategic thinking required for effective organizational change and performance; to undertake result-oriented strategic planning and management processes.

Please note that while EOS lays the foundations of the same, the second part of the course i.e., SM extends the good work of this course and will build on the same.

Prescribed Material & Course Organization:¹

The EOS course material will comprise of a set of readings – collation of hardcopy-cum-softcopy material on strategy theories, discussions, and case material (wherever applicable). Interested students should go through the following relevant book readings to enhance their learning's:

- (a) Book titled "Strategic Thinking: Explorations around conflict and cooperation" by Biswatosh Saha, Parthasarathi Banerjee, etc. Sage Publications (henceforth, **BS**);
- (b) Strategic Management: Concept and Cases by Fred David; PHI India (henceforth, **FD**);
- (c) Exploring Corporate Strategy: Text Only by Johnson, Scholes and Whittington (henceforth **JSW**);
- (d) Strategy and the Business Landscape by Pankaj Ghemawat, Pearson (henceforth, **PG**);

Enough copies of the above books are available in the library.

A session plan with set of readings for each session is given. While every session has compulsory assigned readings, there are several additional readings (including web resources), which students may find interesting to go through depending on their areas of interest. The list of readings as well as the session plan is tentative and would evolve depending on how the course proceeds. For each session, every student must read at least the compulsory reading, while the assigned group would make a presentation with a critique by any random group whom I would invite in class. The readings are a mix of theories and real life case analysis. Interested students may analyze the readings, understanding and critiquing the arguments of the authors. An attempt to link these arguments to the evolving thread of discussions in class would be quite useful. Your active participation is vital in this course and I would expect you to put in as much effort as possible. If you have any problems please feel free to seek support/discussions even outside the class time. My email is kakani@xlri.ac.in

Each individual student will also be required to carry out an extensive project that would be declared within the next few days. Students may also have to use PROQUEST, EBSCO, SSRN (for access to journal articles required in projects), and databases such as PROWESS and ISI Emerging Markets (for data and information collection).

¹ The author acknowledges the inputs of Prof. Sushil Khanna (IIM Calcutta) in creating the course outline and material.

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Pedagogy:

The pedagogy will comprise lectures, extensive case-based analysis-cum-discussions, success & failure stories, and project work. Active participation by students is an important feature of the course.

Evaluation

	Weightage
Group Submission & Presentation (Assigned) / Class Random Critique	30%
End-term Examination Part of this could be based on Individual/Group Project	50%
Class Test / Quizzes	20%

Tentative Session Plan

Session	Theme	Prior Reading
1	Introduction to strategy – Two worlds explored, deterrence and innovation by Prof. Sushil Khanna	Assigned Readings: The Nature of Strategic Management, The Business Vision and Mission (Chapters 1 and 2 of FD ; and similar/relevant readings in JSW & PG) Optional: (a) Business Policy from HBS; (b) Concept of Strategy by H Igor Ansoff
2	The Origins of Strategy and Identifying Core Competence	Assigned Reading: Jeffrey's Brandt Group (Own Case; To be distributed) Optional: a) The Core Competence of the Corporation (HBR 1990 Article); (b) Competing on Capabilities: The New Rules of Corporate Strategy (HBR 1992 Article); (c) Appendix 3B of BS ; (d) The Origins of Strategy (Chapter 1 of PG); (e) Building Your Company's Vision (HBR 1996); and (f) similar/relevant readings in FD, JSW & PG
3	Social Embeddedness of the Strategist: Concepts of Institution, Power and Authority	Assigned Reading: (a) Bangalore Labs (Case; Appendix 3C of BS); and (b) Dosa King (Case 5.2 of BS) Optional: (a) 'Markets and Hierarchies', by Herbert Simon and 'Economic performance through time, by Douglass North; (c) Cases 2.2 and 2.3 of BS ; and (b) similar/ relevant readings in FD, JSW & PG
4	Mapping the Landscape of Business: Industry Evolution	Assigned Reading: World Watch Industry (Richard Ivey Case) Optional: (a) How Competitive Forces Shape Strategy (HBR, 1997 Article); (b) Managing the Business Landscape (Chapter 2 of PG); (c) Cases 2.5 and 2.6 of BS ; and (d) similar/ relevant readings in FD & JSW
5	Mapping the Landscape of Business: Industry Analysis	Assigned Reading: Cola Wars: Coke Versus Pepsi (Case 3 of PG) Optional: (a) How Competitive Forces Shape Strategy (HBR, 1997 Article); (b) Managing the Business Landscape (Chapter 2 of PG); (c) Cases 2.5 and 2.6 of BS ; and (d) similar/ relevant readings in FD & JSW
6	Creating Competitive Advantage	Assigned Reading: (a) Barings private equity partners limited: Banking services for the poor in Bangladesh (Richard Ivey Case, To be distributed); (b) Creating Competitive Advantage (Chapter 3 of PG); and (c) SafeSave (Case; Appendix 5A of BS) Optional: (a) The Process of Mapping Business Landscapes (Chapter 2 of PG); and (b) similar/ relevant readings in FD & JSW

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Session	Theme	Prior Reading
7	Creating Competitive Advantage	Assigned Reading: (a) Barings private equity partners limited: Banking services for the poor in Bangladesh (Richard Ivey Case, To be distributed); (b) Creating Competitive Advantage (Chapter 3 of PG); and (c) SafeSave (Case; Appendix 5A of BS) Optional: (a) The Process of Mapping Business Landscapes (Chapter 2 of PG); and (b) similar/ relevant readings in FD & JSW
8	Understanding Business Groups & Business Networks	Assigned Reading: (a) House of Tata, 1995: The Next Generation (A) (HBS Case; To be distributed) Optional: (a) Appendix 3B and Case 5.1 of BS ; (b) Chapter 1 of BS ; (c) Wikipedia Open Source on the Web; (d) Article comparing Ratan Tata with JRD Tata; and (e) Cross Holding Strategy to Increase Control: Case of the Tata Group by Tejas Joshi: http://ssrn.com/abstract=889394 (download); and (f) similar/ relevant readings in FD, JSW & PG
9	Expansion Strategies: Choosing between Vertical Integration, Product Diversification, & Geographical Diversification	Assigned Reading: (a) RPG Enterprises, 1995; (b) Why Focused Strategies May be Wrong for Emerging Markets by Tarun Khanna and Krishna G Palepu (HBR Article 1997) Optional: (a) Why Firms Diversify? By H Igor Ansoff; (b) Explaining Diversified Business Groups Failure & Focused Business Groups Success in India: http://ssrn.com/abstract=906455 ; (c) Autobiography of JRD Tata; and (d) similar/ relevant readings in PG, FD & JSW
10	Global Integration of markets and firm strategy by Prof. Sushil Khanna	Assigned Reading: Case: Ranbaxy Optional: similar/relevant readings in BS, PG, FD & JSW

Please note that the above sequence plan is tentative (and would be altered based on initial class experience).

List of assignment readings/cases (to be prepared for class)

1. Jeffrey's Brandt Group
2. The World Watch Industry
3. The House of Tata (two different readings)
4. RPG Enterprises
5. Bangalore Labs
6. Dosa King
7. Cola Wars: Coke Versus Pepsi
8. Barings Private Equity Partners Limited: Banking Services for the Poor in Bangladesh
9. SafeSave
10. Repositioning Ranbaxy

Selected Readings of Classics: Set A

1. Michael E. Porter, "What is Strategy" , HBR November-December 1996
2. Henry Mintzberg, Crafting Strategy, HBR July-August 1987
3. Michael E. Porter "The Five Competitive forces that shape strategy", HBR January 2008
4. Anita McGahan & Michael Porter, How much does industry matter, really?, SMJ, Vol. 18, 15-30, 1997

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5. Henry Mintzberg, Of Strategies, Deliberate and Emergent, *SMJ*, Vol 6, 257-272, 1985
6. George S. Yip "Gateways to Entry",
7. C. K. Prahalad and Gary Hamel "The Core Competence of the Corporation"
8. C. K. Prahalad & Richard A. Bettis "The Dominant Logic : A New Linkage Between Diversity and Performance"
9. Alfred Chandler, The functions of the HQ unit in a multi-business firm, *SMJ*, 1991
10. T. Khanna & Krishna Palepu. "Why Focused Strategies May be Wrong for Emerging Markets"
11. Allyn Young, Increasing returns and economic progress, *The Economic Journal*, Vol 38, 1928
12. Brian Arthur, Increasing returns and the new world of business, HBR, 1996
13. F.K.Pil and M.Holweg, Evolving from value chain to value grid, *Sloan Management Review*
14. Herbert Simon, Organizations and markets, *Journal of Economic Perspectives*, Vol 5, No 2, 1991
15. Ronald Coase, The nature of the firm, *Economica*, 1937

Suggested Additional Reading B

- A1. H.I. Ansoff, *Corporate Strategy*, 1965, Penguin
- A2. E.P. Learned et al, *Business Policy*, 1965
- A3. M.E. Porter, *Competitive Strategy*, 1982.
- A4. Avinash Dixit & B.J.Nalebuff, *Thinking Strategically*, 1993
- A5. H. Minzberg & J. B. Quinn (ed.) *Readings in Strategy Process*, 1998
- A6. Alfred Chandler, *Strategy and Structure*
- A7. Alfred Chandler, *Visible Hand*
- A8. Inheriting the Mantle by Sampath
- A9. Managing from Zero to Blue Chip by Chandra Mohan by Think Inc.
- A10. Strategic Management by Thompson

Journals: Academy of Management Review, Strategic Management Journal, Long Range Planning, California Management Review, Harvard Business Review, Sloan Management Review, Journal of Business Strategy, Business History Review, Journal of Law and Economics.

Internet resources: Several resources now are available freely over the internet. A short description of a few such sites follows:

1. Contracts and Organization Research Institute at University of Missouri set up by Ronald Coase provides a database of commercial contracts, which you will find useful. Link <http://cori.missouri.edu/>
2. Strategy as Practice website contains interesting work, link www.s-as-p.org/
3. DRUID Working Paper Series at <http://www.druid.dk/index.php?id=22> contain work in the interface of property rights, institutions and strategy
4. Berkeley Center for Law, Business and Economy at <http://www.law.berkeley.edu/centers/bclbe/> is another useful resource site