



Business Strategies for Indian Industries for Global Competitiveness

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ABSTRACT

Indian industrial sector, particularly the manufacturing sector, has been through a long journey, the better part of it in a protected environment. The wake up call through liberalization process brought some serious thinking and improvements although at a slow pace. Indian business and industrial sector have demonstrated their capabilities despite several inhibitive macro-economic factors limiting their competitiveness. While they have demonstrated their spirit of challenge, they are in need of revolutionary transformation for not only meeting current competition but also for facing future challenges.

This paper discusses some of the business strategies for Indian industries and business units for success globally.

Keywords : Globalization, Global Competitiveness, Corporate culture, Innovation, Re-engineering

Introduction

Business strategies should drive organizations to prepare for future competition. This requires out of the box thinking and involves real, innovativeness and ability to establish a global vision. Above all it requires willingness to give up obsolete established systems, procedures, products, rules, processes, etc.

Objectives of the study

- to identify the status of India's global competitiveness
- to suggest strategies for Indian industries and its global orientation

Research Methodology

This research paper is exploratory in nature and is based on secondary data from various published sources, research studies, websites, etc. It discusses business strategies for Indian industries to meet global competition.

Findings of the Study

India's Status in Global Competitiveness

Switzerland tops the overall Global Competitiveness Index rankings in 'The Global Competitiveness Report 2011-2012' of the World Economic Forum (WEF) with Singapore in second place overtaking Sweden. China has improved its rank by one position to the 26th leading the way among large developing economies. With only minor changes in its competitiveness, India dropped five places during the year to rank 56th. While India's rank may be comparable among the BRICS countries viz., South Africa (50th), Brazil (53rd) and Russia (66th), its gap with China is widening. The differences between the two economies have increased six fold in the last five years.

Among the 12 pillars identified by WEF for global competitiveness, India ranks low in majority of them. The basic factors hindering India's global competitiveness include infrastructure (89th), health and primary education (101st), macro-economic environment (105th), corruption

(99th), burdensome regulation (96th), institutions pillar (69th), etc. High inflation has destabilized the macro-economic environment of the country in the last few years. Despite these inhibiting factors, India does possess a number of remarkable strengths in the more advanced and complex drivers of competitiveness viz., a vast domestic market that allows for economies of scale and attracts investors, well-developed and sophisticated financial market (21st) reasonably sophisticated business (43rd) and innovativeness (38th).

Global Competitiveness Index (India)	Rank (Out of 142)	Score (1 to 7)
GCI 2011-2012	56	4.3
GCI 2010-2011 (out of 139)	51	4.3
GCI 2009-2010 (out of 133)	49	4.3
Basic requirements (60.0%)	91	4.2
Institutions	69	3.8
Infrastructure	89	3.6
Macroeconomic environment	105	4.3
Health and primary education	101	5.3
Efficiency enhancers (35.0%)	37	4.5
Higher education and training	87	3.9
Goods market efficiency	70	4.2
Labor market efficiency	81	4.2
Financial market development	21	4.9
Technological readiness	93	3.4
Market size	3	6.2
Innovation and sophistication factors (5.0%)	40	3.9
Business sophistication	43	4.3
Innovation	38	3.6

Source: The Global Competitiveness Report 2011-12 World Economic forum

Business Strategies to meet emerging challenges and opportunities

While the basic requirements such as infrastructure development, macro-economic initiatives, education, healthcare and governance issues hinges on the policy initiatives of the government, the industrial sector must leverage the reforms processes under way. They have to develop and implement strategies with vigor and passion for becoming world class organizations. World class manufacturing organizations consistently deliver exceptional performance, frequently in excess of expectations.

Operating successfully on a global scale requires companies to re-evaluate their traditional strategies, from sourcing and production to distribution, marketing and customer service. It requires continuous change change that encompasses the entire organization, from business process capabilities to people.

The strategies that are necessary to build competitiveness are

i) **Building Corporate Culture:** Indian manufacturing has to focus on building a corporate culture, which requires the following

- a. compelling vision with a global component
- b. mission statement to fulfill the organization's vision
- c. set of core values that align with employee values and tap the energies of employees
- d. full and open communication practices
- e. employee skill development and education
- f. corporate culture where competition and cooperation are both part of the overall global strategy
- g. culture where continuous improvements and innovations are promoted and valued
- h. obsession with customer orientation and quality

ii) **Value Creation:** The pressure for constant creation of value is as high as ever before. Customers and the market place dictate the price and the traditional cost plus approach has become extinct. In such an environment, to survive and grow, organizations have to adopt lean manufacturing so as to drive out all wastes, build robust processes and thereby eliminate defects, eliminate accidents, breakdowns and abnormalities, all of which seriously hamper productivity and therefore value creation. In addition, organizations should focus on building company wide speed orientation. There should be total quality orientation through multi skilled people, equipments, processes and systems.

iii) **Re-Engineering:** Steady improvements and incremental changes in product and services are no longer sufficient. Organizations have to create big changes and that too fast in order to survive. Strategic introduction of Business Process Re-engineering promotes radical rethinking and a green field approach in recreating the business processes and making the organization competitive.

iv) **Customer Orientation:** Power of the customers has never been as evident as now in the period of globalization. The focus on internal customer has evolved and its direct relationship with external customer satisfaction has been established beyond any doubt. Product designs should incorporate customer requirements that are carefully established. There should be on-going measurements of internal and external customers satisfaction.

v) **Integrated Supply Chain Management:** Competition is not merely between organizations but between their supply chains. Excellence in any one of the segments will no more be sufficient to ensure the survival of organizations. The entire supply chain must provide fast and flexible response to customer requirement. The supply chain management in the competitive world is highly influenced by technology particularly developments in IT and internet. Real time information processing has, therefore, become a reality paving the way for e-manufacturing and e-commerce. The new supply chain believes in flexible manufacturing, information integration, focuses on speed and response, manage through pull system and collaborative relationship with suppliers and customers. Supplier satisfaction measurement and improvement programs are emerging. Integrated advanced planning and scheduling systems with real time connectivity and systems such as synchronized manufacturing based on 'Theory of Constraints' are helpful to organizations to significantly improve their delivery performances.

vi) **Innovation:** Innovation is the key to real growth and unassailable competitiveness. Organizations have to achieve quantum improvements in their performance, for which innovation is the only way. Innovation brings in radical

improvements in products, process, organization, market, customers, etc. Innovations signify business creativity as a competence and not a mere coincidence. Product innovations play a significant role in the business where share of revenues attributed to new products and product environments are expected to increase significantly. Organizations must pull ideas from their customers rather than merely push products into the market and reinventing their new product development strategies in order to achieve faster product rollouts. To be able to innovate, knowledge is necessary. Knowledge management is one of the key constituents of innovation management.

vii) **Manufacturing Technology:** Technology provides an organization with speed, flexibility, productivity, consistency, cost effectiveness and quality. World class organizations must have leading edge technologies in all parts of the business. Manufacturing Strategy has to therefore focus on technology. Flexible machining Centres, Computer aided manufacturing, laser processing, abrasive flow machining, biochemical machining, knowledge based simulators, fuzzy logic, advanced condition monitoring devices, IT integrated processes are some of the technological advances that are changing the manufacturing scenario. Focus on smooth and quick absorbing of new technology is equally essential for success. Organizations should have systems for technology scanning, evaluation, implementation and smooth absorption.

viii) **Green Manufacturing:** Environmentally benign manufacturing is already a strategic challenge. Organizations have to be cognizant of impending overseas environmental regulations and growing consumer demand for a new generation of environmentally friendly products. Green products and production techniques are competitive weapons. Organizations responsibility towards ultimate disposal of their products, recycling, resource conservation, environment management systems, concern and care for society are indeed part of corporate social responsibility.

ix) **Business sophistication:** Sophisticated business practices enhance efficiency in the production of products and services. It primarily concerns two elements viz., the quality of country's overall business networks and the quality of individual organization's operations and strategies. For India which is under the cusp of economic development these two factors become significant inasmuch as when companies and suppliers from a particular sector are interconnected in geographically proximate groups efficiency is heightened with greater opportunities for innovation in processes and products. Branding, marketing, distribution, advanced production processes have trickle down effect into the economy and lead to refined and contemporary business processes cutting across the country's business sectors.

Global Orientation for Indian Industry

Quality Reputation

Productivity through infrastructure

Leverage Human Capital

Globalize Public Sector Enterprise

Invest in Design & Research

Get Access to low cost of capital

Organize Global Supply Chain

Create Brand Equity

As India anchors to the global economy, the country has to become competitive globally. To compete globally, we need to have a global orientation. The 'enablers' of global orientation are listed in the Table alongside.

To be globally competitive, Indian industry needs to invest in quality and reputation. A laid-back approach is just not acceptable any more whether it is global branding or domestic branding or design and research. Design, in fact, is a very strong competitive advantage for India, probably even more than R&D and global supply chain. India is very likely to become a global R&D hub as well as a nation for global sourcing.

Concluding remarks

India is destined to become a major economic magnet in the 21st century. India needs to re-engineer itself with respect to industrial policy, international trade policy, domestic industry policy, banking and financial sector reforms and domestic infrastructure. While the government will labour on these, the Indian industries must reposition themselves from the diversified domestic operations to focused global enterprises. Forces of globalization the search for more cost effective locations for production can make India a huge global manufacturing and supply base.

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