

STRATEGIC MANAGEMENT PRACTICE IN IT COMPANIES- A STUDY WITH REFERENCE TO CHENNAI CITY

Dr. HAJEEMA RABIATH BEEVI, S.

Assistant Professor

Department of Commerce

Chevalier T.Thomas Elizabeth College for Women, Chennai-600 011, India

ABSTRACT: Every successful business can be viable when the strategic management practices are implemented properly into a business system. It is the match between external environment variables and internal organizational conditions. The fast growing industry like Information Technology (IT) have many employees. The strategic management practices adopted in the IT companies in Chennai City are taken for the study to find out various practices formulated for the improvement of the techno business success and employee retention. The existing strategic management practices adapted in IT companies and its influences are analyzed from various demographic profile of the employees and statement in the LIKERT five point scale of employees as primary data. The confirmatory factor of the strategic management practices in the IT companies are very well fit, satisfied the benchmark value and highly significant. Appropriate training methods ought to be the important strategic management practice to achieve the goals in IT organizations.

Keywords: Strategic Management, IT companies, LIKERT five point scale, Conformity factor

INTRODUCTION

Information Technology (IT) is an inevitable sector in the contemporary Business World. Because of the dependency on IT, the continuity of IT infrastructures plays a significant role in many organizations. The Specialized Skills and attrition of the IT professionals has an impact on the competitive position of any organization leading towards the prosperity of that organization. (Sivarethinamohan, 2015)

The New Era of the competitive landscape of Information Technology has broadened across internal and external geographical boundaries of India. However, the biggest challenge to many decades of this industry found to be retained of talented professionals. When a key software professional relinquished from a company, the critical knowledge may be taken away with them besides business process and systems, which are indispensable knowledge for maintaining competitive advantage of a company. Employee turnover could have a negative effect on organizational effectiveness. (Hom & Griffeth, 1995).

The success of an organization can be ensured by Attitudes, beliefs and behaviours of the professionals of the organization. The emphasis might be given to the quality of the employees to emerge as productive professionals. (Venkateswaran, 2012).

According to Chandler, "Strategy is the determination of the basic long-term goals and objectives of an enterprise and the adoption of the course of action and the allocation of resources necessary for carrying out these goals".

Strategic management is a process and must be performed in a systematic manner which envisages future planning through cost effective and long term periods in business management. The Strategic management process is organizational mission, environmental analysis, organizational analysis, identification and evaluation of alternative strategies, choice of strategy, implementation of a strategy, and strategy evaluation and control besides feedback on strategy evaluation and control to take additional actions wherever required. (Akçakaya, 2003).

Strategic management is a management technique which enables identifying prudential aims and goals in businesses, whether these businesses are private, public and non-profit third sector, and determining the necessary processes of achieving these goals. In this context, vision means prudential feasible aim and goals (Stratejik Yönetim, 2015).

Dyson *et al.*, (2007) termed strategic management process as 'strategic development process.' in which it embraces the management process that informs, shape and supports the strategic decisions confronting an organization.

According to Thompson *et al.*, (2007). The strategy-making, strategy-executing process consists of five interrelated and integrated phases viz., Developing a strategic vision, Setting objectives and using them as yardsticks for measuring company's performance and progress, Crafting a strategy to achieve the objectives and move the company along the strategic course, Implementing and executing the chosen strategy efficiently and effectively and Evaluating performance and initiating corrective adjustments in the company's long-term direction, objectives, strategy or execution in light of actual experience, changing conditions, new ideas and new opportunities.

A good strategic management course offers strategy management training enhanced with leadership training. It is very important to a company to establish competitive advantage which is sustainable. Companies pursue competitive strategies to gain a competitive advantage that allows them to outperform rivals and achieve average profitability.

NEED FOR THE STUDY

Business decisions involved risks due to technological changes periodically. In view of that Strategic management needs systematic for taking any business decisions.

The strategic management process is a storehouse of intelligence which can enlighten the business managers to understand the inherent problems besides making analytical decisions in time.

Perspectives of Liberalization, Privatization, and Globalization have opened wide opportunities combined with threats in the business world. The decision on making the business risks of a company might be possible by strategic planning and management practices.

The strategic management system can provide a viable match between external environmental variables and internal organizational conditions to attain business success

Information technology industry is required to retain techno-savvy IT professional employees for their sustainable business success besides to tackle other factors viz., Economic recession, anticipate future problems and opportunities, cost savings, employee satisfaction and motivation, faster and better decision making etc.,

Hence, strategic management practices of Information Technology companies in Chennai city are taken for the study to find out various practices formulated for the improvement of techno business success and employee retention.

REVIEW OF LITERATURE

Fareha Zafar, et al., (2013) observed that implementation of the proper application of strategic management of corporate on business and functional strategies has helped to improve the performance and survive for a longer period to meet competitive environment of Pakistan's Telecom Sector.

Younus et al., (2010) found that strategic management practices provide better organizational profitability and company market share of selected small scale enterprises in Lagos, Nigeria. It is also recommended that the investors and managers make use of strategic management to improve their organizational performance.

Paula and Linda (1995) revealed that companies which had ethnocentric strategies were found to be less successful when compared to other three strategies such as regiocentric, poly centric and geocentric. It also suggested that local responsiveness should adopt into the global strategy of multinational companies and international human resource practice provides better results.

Sharon and Agnes (2014) examined the strong relationship between strategies adopted by four mobile companies in Kenya namely Safaricom Ltd., Airtel Kenya Ltd, Essar and Telkom Kenya to train competitive advantage and cost leadership. It also found that incorporating competitive strategies enhances healthy competition.

Afonina Anna (2015) explored that level of Strategic management tools utilization and possibilities of influencing performance in the Czech Republic. It also reviewed that there is a positive significant relationship between strategic management tools, techniques utilization, and organizational performance.

Esther et al., (2012) indicates that there is a strong relationship between strategic human resource management, competitive strategies and firm performance of Kenya's corporate organizations. It is also revealed that there is better organization's performance and gaining competitive advantages through strategic human resource management.

Irene and Frank (2004) indicate the positive relations between their HRM strategies and initiatives and organizational performance. It is concluded that a strategic approach to HRM has promoted competitive advantage and enhance the value of customers.

Sang Chul Jung (2014) examined the usage of a number of the generic value model in creating a shared vision, establishing a performance based personnel management system, technology development, logistics, marketing and sales and cost control procedures in Samsung Electronics. It is found that the generic value model helps lead success in leadership, standardization of management systems, commitment to innovative strategies and training and partnership with value chain experts.

Venkateswaran (2012) explored that the talent management strategy affects the organizational performance and helpful to alter the overall business goals.

Daniel Simon et al., (2014) identifies the support of Enterprise architecture management provide within corporate strategic management, and revealed that Enterprise architecture management has been applied to key tasks of corporate strategic management: strategic analyses, strategic choice, business execution design, business transformation readiness assessment, strategy implementation planning, strategy review and strategic governance. As the frame of reference for corporate strategic management, which allows modelling of the business from strategy to execution and may thus yield several benefits

Raza Khan and Falhrul Huda (2016) identified that Strategic Management is a very important and necessary tools to get a competitive advantages over competitors and for the market aggressiveness. This would improve the performance ultimately for organizational development especially in tertiary Health Care Centre of Karachi.

GAP IN THE LITERATURE

After reviewing national and international literature pertaining to strategic management practices. The researcher identifies two prominent lacunae.

1. What are all the prominent strategic management practices required for the organization.
2. What are all the factors responsible for successful management practices in IT Companies.

Therefore, these prominent gaps lead to the following objectives of the research.

OBJECTIVES OF THE STUDY

1. To study the existing strategic management practices in IT companies.
2. To measure the influence of strategic management on organizational effectiveness.

HYPOTHESIS

There is no significant difference among the factors of strategic management practices in IT Companies.

RESEARCH METHODOLOGY

This study is based on both primary and secondary data. The primary data are obtained through the structured, whereas the secondary data is derived from the Journals, Magazines and Annual reports.

The structured questionnaire consists of two main parts, namely, demographic profile of the employees and the second part consists of a statement in the LIKERT Five Point Scale of employees' perception towards strategic management in IT companies.

SAMPLE SELECTION

The researcher applied convenient sampling method to obtain the response from employees of top 10 IT companies in Chennai. The researcher circulates 500 questionnaires able to obtain at least 375 respondents in and around Chennai, however out of which 25 of them found flaws, hence remaining 355 are considered as the sample size of the research.

DATA ANALYSIS

After obtaining the response, researcher systematically tabulated them and used both Univariate and Multivariate Statistical Techniques namely Factor analysis, Linear multiple regression analysis and One way analysis of variance.

ANALYSIS AND DISCUSSION

In this section the researcher applied confirmatory factor analysis to confirm for the following factors of strategic management, namely Management policies, Potential appraisal, Organizational Development, Performance Appraisal, Executive Development, Inter Personal relationship, Goal setting, Role analysis, Training and Development. These nine factors are considered by the researcher after reviewing National and International literature. Each factor consists of five variables in LIKERT Five Point Scale. Therefore the researcher, derived total average score of these nine factors and prepared to apply Confirmative Factor analysis.

Table 1: The application of Confirmative factor analysis derived five important fit indices.

S.No.	Fit Indices	Values	Bench Mark
1	Chi Square	2.491	-
2	P Value	0.594	> than .05
3	Comparative Fit Index	0.972	>than .9
4	Goodness of Fit Index	0.964	> than .9
5	Normed Fit Index	0.962	> than .9
6	Root Mean Square Error of Approximation	0.070	> or = 0.08

All the above mentioned fit indices follow and satisfy benchmark value. It confirms that all the nine factors are highly significant in predicting strategic management practices in IT Companies. After confirming 9 factors of Strategic Management the Researcher considered all these 9 factors as independent variables and organizational effectiveness has dependent variable. The main aim of these research is to establish the relationship between strategic management practices and subsequent impact on organizational effectiveness. It is useful to determine the subsequent impact of strategic management in IT Companies in the form individual efficiency of the employee and organizational efficiency and performance of IT Companies. Therefore the researcher intended to estimate the direct impact of strategic management practices shown in the following effects of Linear Multiple Regression Analysis.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.825 ^a	.681	.673	.38285
a. Predictors: (Constant), SM9, SM6, SM7, SM8, SM4, SM3, SM5, SM2, SM1				

From the above table it is found that R square values = .681 which implies it creates 68.1% variance over the organizational effectiveness. It is further confirmed in the regression fit ANOVA Table.

Table 3 : ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	121.956	9	13.551	92.448	.000 ^b
	Residual	57.165	390	.147		
	Total	179.122	399			
a. Dependent Variable: OEF						
b. Predictors: (Constant), SM9, SM6, SM7, SM8, SM4, SM3, SM5, SM2, SM1						

From the above table it is found that $F=92.448$, $P=0.000$ statistically significant @ 5% level it shows that the strategic management in IT Companies are highly successful in building the effective organization. The individual influence of these 9 strategic management factors are clearly presented in the following Co-efficient table.

Table 4 : Coefficients

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.008	0.019		0.435	0.664
	SM1	0.262	0.037	0.377	7.1	0
	SM2	0.012	0.026	0.018	0.465	0.642
	SM3	-0.082	0.022	-0.124	-3.804	0
	SM4	0.254	0.021	0.376	12.307	0
	SM5	0.21	0.021	0.316	9.94	0
	SM6	0.019	0.019	0.03	1.006	0.315
	SM7	0.278	0.038	0.398	7.252	0
	SM8	-0.034	0.026	-0.051	-1.301	0.194
	SM9	-0.063	0.023	-0.094	-2.789	0.006
a. Dependent Variable: OEF						

From the above table it can be ascertained that the organizational development (Beta=0.377, $t=7.100$, $P=0.000$) Executive Development (Beta =0.376, $t=9.940$, $P=0.000$) Goal Setting (Beta =0.398, $t=7.252$, $P=0.000$) are statistically significant @ 5%. This shows that strategic management practices are essentials in any organization to improve individual efficiency of the employees, Organizational Performance, Productivity and Profitability.

FINDINGS AND CONCLUSIONS

It is concluded that strategic management is not a unique predominant as far IT Companies are concerned. The top level executive, middle level manager and operational level employees practices rigorous strategic management practices. The management policies of IT Companies are well equipped to determine the of employees and plan the strategic for the development of the organization. The Appropriate Performance System fruitful executive development process, holistic interpersonal relationship, employees transcendental involvement are very useful to achieve the goals of the organization through appropriate training methods.

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