

STRATEGY - THE LEVEL OF STRATEGIES IN AN ORGANIZATION

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Abstract

An organization is divided in to several functions and departments that work together bring a particular product or service to the market. A company provides several different kinds of products or services, it often duplicates these functions and creates a series of self-contained divisions to manage each different product or service. The CEOs or departmental chiefs of these divisions then become responsible for their particular product line. The overriding concern of CEOs is for the health of the whole company or division under their direction.

Keywords:- Business Strategy, Strategy, Corporate objectives, Functional Level Strategy, Strategic Business Unit.

I. INTRODUCTION

The term strategy has been adopted from war and is used in business to reflect the broad overall objectives and policies of an enterprise. It refers to firms overall plan for dealing with and existing in its environment. It most often denotes a general programme of actions and development/deployment of emphasis and Resources to attain comprehensive objectives. Definition:- "A strategy is the determination of the basis long term goals and objectives of an enterprise and the adoption of courses of action and the alteration of recourses necessary to carryout these goals and objectives." [by Glueek and Jauh] .
"The pattern of objectives, purpose, goals and the major policies and plans for achieving these goals stated in such a way so as to define what business the company is in or is to be and the kind of company it is or is to be." [by Kenneth Andrews, 1955]

II. STRATEGIES AT DIFFERENT LEVELS

From the organizational point of view, we may distinguish between the nature and scope of strategic decisions at the (i) Corporate (ii) Business & (iii) Functional levels. Strategy in terms of levels is a convenient way to distinguish among the various responsibilities involved in

strategy formulation and implementation. A convenient way to classify levels of strategy is to view corporate level strategy as responsible for market navigation and functional level strategy as the foundation that support both of these. A few aspects regarding the nature of strategies are as follows:

III. CORPORATE LEVEL STRATEGY

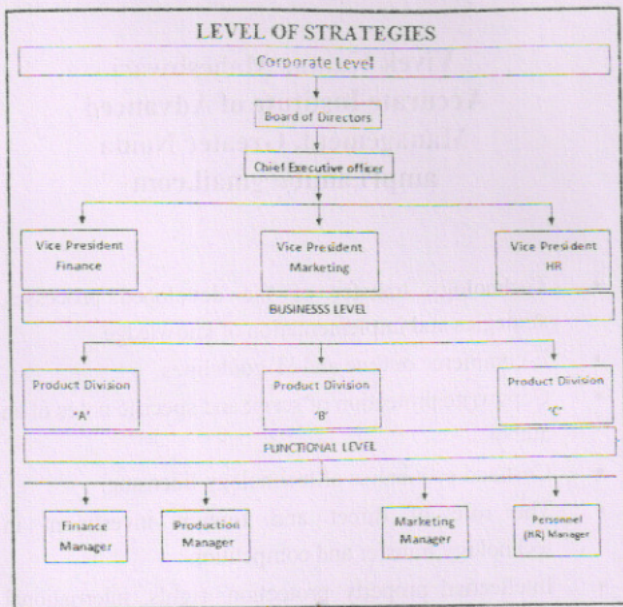
At the corporate level, strategic decisions relate to organization wide policies as in the case of multi divisional companies having wide ranging business operations. Major policy decisions involving acquisition, diversification and structural re-designing belong to the category of corporate strategy.

An organization's strategy provides the overall direction for the enterprise. It clarifies the domain of the organization by specifying what business it is in and the course of action it will pursue. It answers the quations: who are our customers? What product or services will we sale/serve? Where will we sell our product or services? Why are we unique as compared with the competitors? Ideally a corporate strategy should cover three things -

- The basic goals the firm hopes to achieve - for instance, in terms of market share or profit
- The firm's domain in terms of the product or services it will render to whom. The domain answers the question "What business are we in"?
- The basic strategy moves the firm's plan to make for instance in terms of diversification or expanding overseas business or entering in to new ventures.

Corporate level strategies address the entire strategic scene of the enterprise. This in the 'big picture' view of the organization and include decisions, in which product or service market to compete and in which geographic regions to operate. For multi - business firms, the resources allocation process. i.e. how cash, staffing, equipment and other recourses are distributed is typically established at the corporate level. In addition, it is also in the domain of corporate strategists to decide about the diversification or

the addition of new products or services to the existing one which ultimately also falls under corporate level strategy.



IV. BUSINESS LEVEL STRATEGY

It is the strategy to achieve the specific objectives of the strategic business unit (SBU) so as to help achieve the overall corporate objectives. A SBU is an operating division of a firm which serves a distinct product/market segment or a well defined set of customers or geographic area. The SBU is given the authority to make its own strategic decisions within corporate guidelines as long as it meets corporate objectives.

At the strategic Business level unit, strategy is concerned with the product market issue and policies for the co-ordination among functional units of a division or plant. The scope of business strategy is limited as compared to corporate strategy. Let us take the case of a multi-product corporation of a giant size. Decision taken at the top level regarding diversification or acquisition of other companies are corporate decisions. But decisions taken at the plant or divisional level regarding introduction of a product or development of a new product are business decisions. Business level strategy is primarily concerned with -

- Co-ordinating and integrating unit activities so that they conform to organizational strategies.
- Developing distinctive competencies and competitive advantage, in each unit.
- Identifying product or service market and developing strategies for competing in each

- Monitoring product or service markets so that strategies conform to the need of the markets at the current stage of evolution.

V. FUNCTIONAL LEVEL STRATEGY

The ultimate success of the SBU level strategy will depend among other things on the effectiveness with which it is translated into functional areas like marketing, finance, production, HR and R&d etc. For example, if the SBU level objectives are to be achieved by introducing a new product, the R & D, production, finance and marketing department will have to be geared up to develop functional level strategies. Thus, it is obvious that functional level strategies are guided by the SBU level strategy. Functional level strategies are primarily concerned with:-

- Efficiently utilizing specialists within the functional area.
- Integrating activities within functional area
- Assuring that functional strategies mesh with business level strategies and the overall corporate level strategies.

Functional strategies are frequently concerned with appropriate training. They have a shorter time orientation than other level strategies.

VI. CONCLUSION

The level of strategies in an organization is gaining importance in the era of privatization, Globalization, & Liberalization. The table depicted below shows the importance of these strategies (i. e. corporate level strategy, Business level strategy & Functional level strategy) and how close are these strategies interconnected and dependent on each other.

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