

Organizational Design Change and Transformation
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Module - 04
Lecture - 16
Organizational Design and Strategy in a changing Global environment

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ORGANIZATIONAL DESIGN, CHANGE AND TRANSFORMATION
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Module 4 **Lecture 1**

Strategic direction and organization design; Frameworks for selecting strategy and design; Designing organizations for the international environment; Building global capabilities; Organizational design and strategy in a changing global environment.

[FL]. Today we will be beginning with Module 4 of our course on Organization, Design, Change and Transformation. This week we shall be discussing Organizational Design and Strategy in changing Global environments. And the various topics which we shall be discussing will be strategic direction and organization design; frameworks for selecting strategy and design; designing organizations for the international environment; building global capabilities.

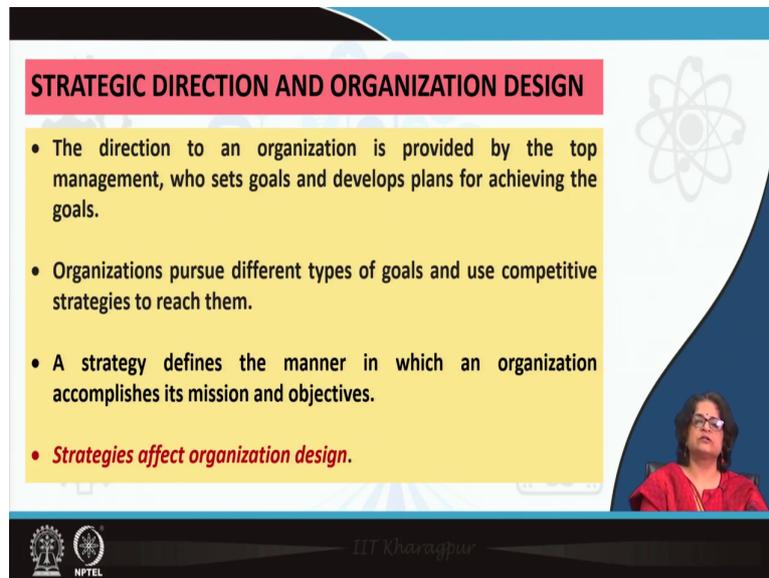
And organizational design and strategy in a changing global environment. So, this is all that we will be discussing in this particular week.

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In today's lecture we will be starting with discussion on strategic direction and organizational design and we will be seeing how there are there exists several frameworks for selecting strategy and design. So, we will set the ball rolling for the discussion on organizational design and strategy in a changing global environment this week.

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STRATEGIC DIRECTION AND ORGANIZATION DESIGN

- The direction to an organization is provided by the top management, who sets goals and develops plans for achieving the goals.
- Organizations pursue different types of goals and use competitive strategies to reach them.
- A strategy defines the manner in which an organization accomplishes its mission and objectives.
- *Strategies affect organization design.*

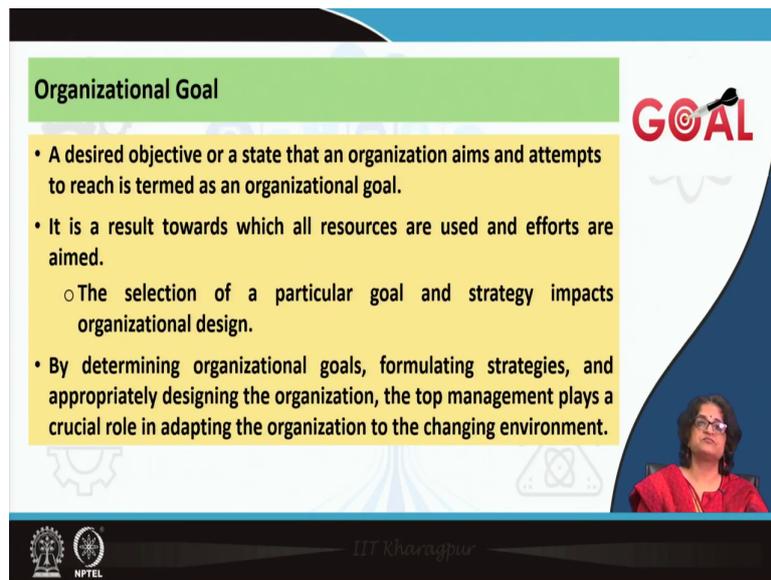
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So, let us start first with a strategic direction and organization design. Now, you know we have discussed in the previous classes that you know that organization theory relates to design, relates to structure, relates to culture, also relates to strategy and all of them whether it is culture or strategy or design or structure they all of these they are intertwined, they are interrelated and affect each other.

So, the you know so, organizational design also gets affected by the strategy of an organization and when we talk of a strategy it is actually the top management who sets the strategy, they are the ones who set goals and develop plans for achieving the goals. And, organizations can pursue different types of goals and they use competitive strategies to deal with them and to reach them.

So, what is a strategy? A strategy defines the manner in which an organization would accomplish its missions, would accomplish its objectives and it basically affects organization design in a major way which we shall see as the lecture proceeds and as we move across the various lectures in this particular week.

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Organizational Goal

- A desired objective or a state that an organization aims and attempts to reach is termed as an organizational goal.
- It is a result towards which all resources are used and efforts are aimed.
 - The selection of a particular goal and strategy impacts organizational design.
- By determining organizational goals, formulating strategies, and appropriately designing the organization, the top management plays a crucial role in adapting the organization to the changing environment.

GOAL

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So, let us first start with what an organizational goal is. So, a desired objective or a state that the organization aims and attempts to reach is termed as the is termed as the organizational goal and it is a result towards which all efforts of the organization are actually aimed at.

The selection of a particular goal or a particular strategy affects the organizational design in a major way. If you recall we discussed mechanistic and organic structures and in that as well

we spoke about how there is a huge you know difference with respect to the kind of strategy that organizations have and the kind of structures that would be suitable for them.

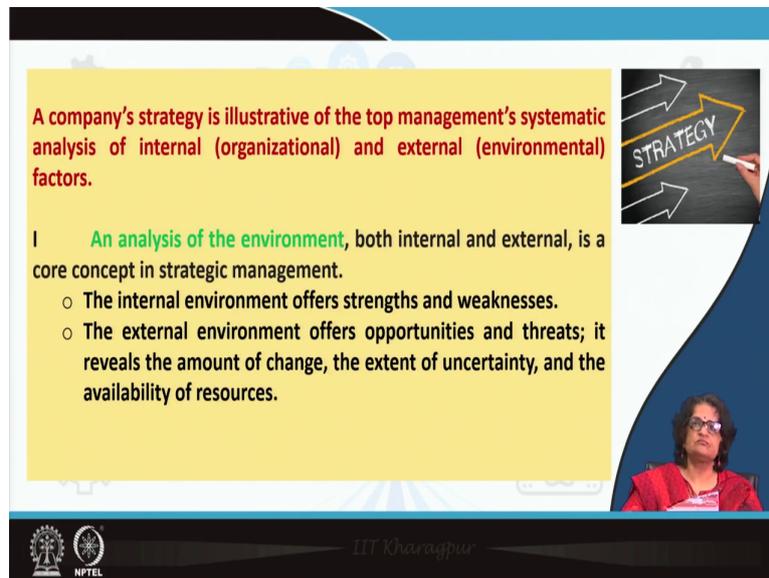
We will be discussing all of that in greater length again where we will see that when we talk of highly uncertain and highly changing and dynamic environments. We must have different kinds of strategies and so, the appropriate structure is the one which is an organic one. And, we also discussed that you know in such structures organizations have to be very futuristic in their approach and they have to think beyond the current.

And so, you know the kind of strategies that they would have to formulate would be very different to the kind of strategies that an organization which operates in certain environments and which you know which operates in predictable environments. In such environments the organizations follow a mechanistic structure and the strategies which exist in mechanistic structures or organizations or in organizations which actually follow mechanistic structure is very different to that which is prevails in organic structures.

So, what I am trying to say is that the goals and the strategies also affect organizational design and by determining the organizational goals, by formulating the strategies and by appropriately designing the organizations the top management plays a very very important role and they play a major role in adapting the organization to the changing environment.

So, by determining organization goals, formulating strategies and appropriately designing the organization the top management plays a crucial role in adapting the organizational to changing environment.

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A company's strategy is illustrative of the top management's systematic analysis of internal (organizational) and external (environmental) factors.

I An analysis of the environment, both internal and external, is a core concept in strategic management.

- The internal environment offers strengths and weaknesses.
- The external environment offers opportunities and threats; it reveals the amount of change, the extent of uncertainty, and the availability of resources.

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So, when we talk of a strategy, we say that a company strategy is actually illustrative of the top management's very thorough, very systematic, very comprehensive analysis of the internal and the external environment. And, when we talk of the internal environment, we are typically talking of forces which operate within the organization.

So, the organizational forces, and when we talk of the external environment, we are talking the environmental forces which operate out external to the organization. So, the analysis of an environment of the environment is very is important and we will discussing this in our lectures in the previous weeks as well.

And, when such an analysis is done you know based on the opportunities that the environment offers or the threat which it poses the top management formulates a strategy. So,

the company strategy is illustrative of the top management systematic analysis or a very comprehensive analysis of the internal and the external environment.

So, to talk further on the analysis of the environment you know it is a core concept in strategic management. We have discussed earlier that the internal of environment offers to the organization of this strengths and weaknesses and the external environment offers to the organization opportunities and threats.

So, the internal environment offers the strengths and weaknesses and the external environment offers the opportunities and threats. And, it is the top management staff to basically formulates that goals and strategies such that the organization can use it is strengths to take advantage of the opportunities and use it is strengths to fight the threat.

So, the external environment offers opportunities and threat. It also reveals the amount of change, the amount of uncertainty and the availability of resources and all of this has to be taken into consideration when companies decide to formulate their strategies.

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II Strategic intent:

- This involves defining the overall mission and goals based on an environmental analysis (best fit between opportunities in the external environment and strengths in the internal environment).
- It also includes formulating specific operational goals and strategies, which would lead to accomplishing the mission and goals.

III Organization design pertains to the implementation of the strategic plan.

- This involves decisions on structural form, control systems, production technology, human resource management, culture, information management, and inter-organizational linkages.

IV Effectiveness outcomes:

- Manifest as goal attainment, resource utilization, efficiency.
- Modern approach to measure effectiveness outcomes: Balanced Scorecard.

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The second thing which we would like to discuss here is the strategic intent. Now, the strategic intent involves defining the overall mission of the organization and the goals based on the environmental analysis and we have discussed this earlier as well that there has to be a good fit between the opportunities in the external environment and the strengths in the internal environment.

Organizations must ensure that the strengths are capitalized to take advantage of the opportunities that exist in the environment. And, the strategic in intent also includes formulating specific operational goals and strategies which would help accomplish the mission of the organization and the goals of the organization.

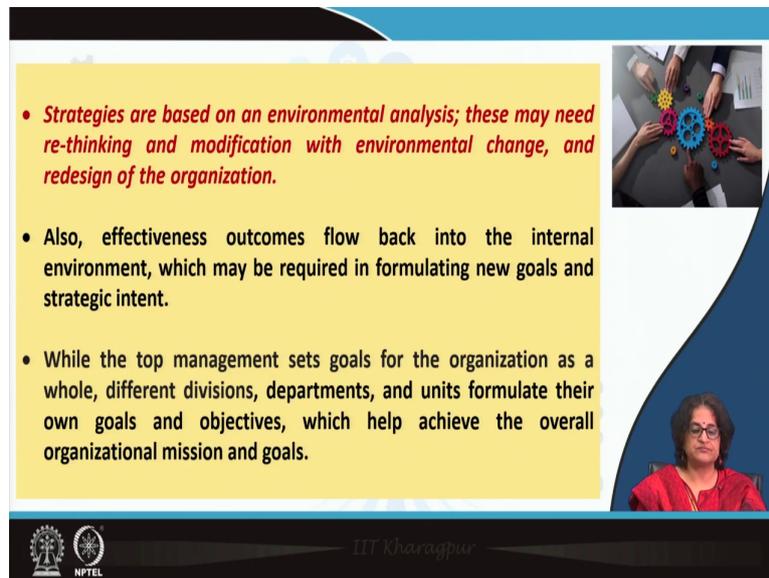
The third issue which needs to be addressed is the organization design pertains to implementation of strategic plan. This involves decisions regarding the structural form, the

production technology, the human resources, the culture, the information system, the control system as well as the inter-organizational linkages.

We have spoken the inter-organizational linkages in the previous week weeks and we have seen how they are highly crucial for the success of an organization. They help such inter-organizational linkages help an organization join hands with other organizations and together they can actually gain their objectives and be more certain of the environment in which the operate.

Inter-organizational linkages you know minimize the amount of uncertainty that exists in the environment. The next is effectiveness outcomes which manifest in the as goal attainment, resource resources, utilization and efficiency. And, we have discussed additional approaches to measure effectiveness outcome and we have also discussed the more modern approach which is the balanced scorecard.

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• *Strategies are based on an environmental analysis; these may need re-thinking and modification with environmental change, and redesign of the organization.*

• Also, effectiveness outcomes flow back into the internal environment, which may be required in formulating new goals and strategic intent.

• While the top management sets goals for the organization as a whole, different divisions, departments, and units formulate their own goals and objectives, which help achieve the overall organizational mission and goals.



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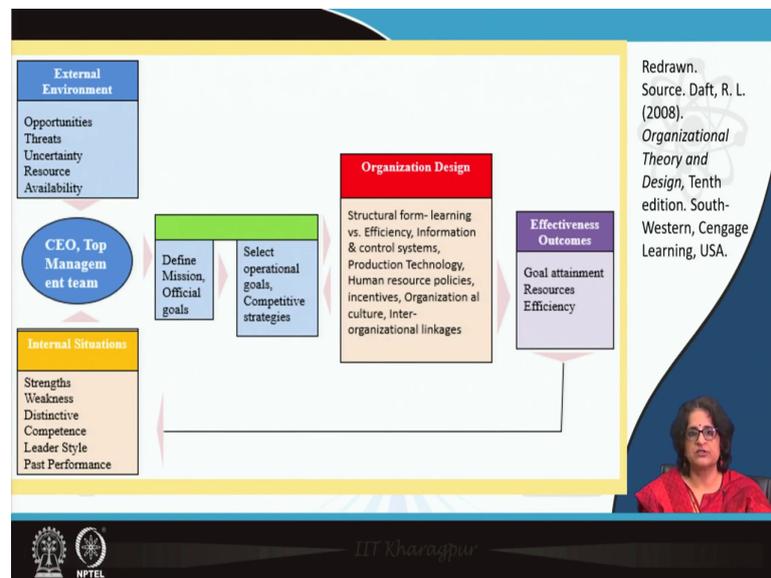

So, strategies are based on an environmental analysis and with these may need a rethinking and change you know and especially with changes you know with the environment and the redesign of the organization may actually be required. Also, you know where we talk about organizational effectiveness, the outcomes flow back into the internal environment which is then required in formulating new goals and a new strategic intent.

And, while the top management sets the goals for the organization as a whole the different divisions, different departments, different units they formulate their own objectives and goals and together they all work you know to achieve the overall objectives, to overall mission of the organization and overall goals of the organization.

So, while the top management sets the goals for the overall organization, you know different departments, different divisions, different units they have their own goals and objectives and

which all help in the overall organizational, you know overall achievement of organizational mission and goals.

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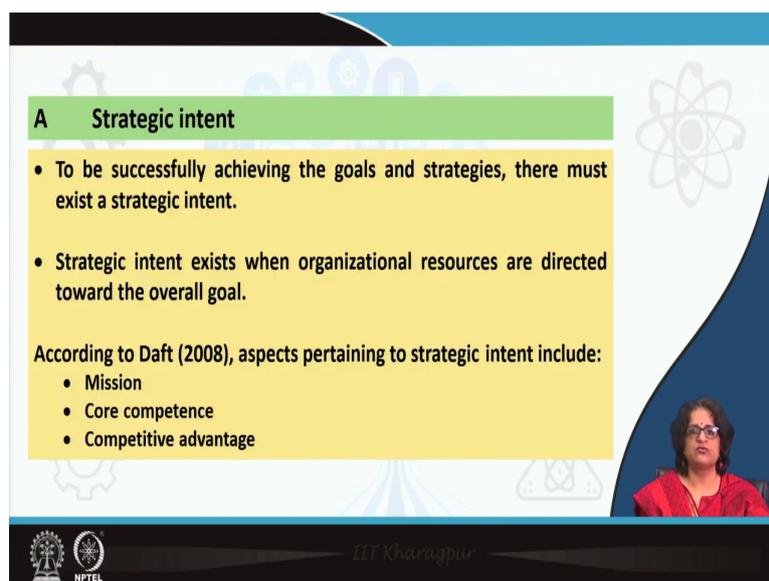
So, if you see here, you have the environment, external environment which is in uncertain and you know the issues to address are with respect to resources and their availability and the external environment offers opportunities. And, threats and then you have the internal situation where you have your you know strengths and weaknesses.

The internal forces in the organization have distinctive competencies, the leader has a distinctly leadership style and the performance of the past all of which taken into account. And, based on that, the CEO and the top management team they define the mission and the official goals, they select operational goals and competitive strategies are formulated.

And, of course, the major role is played by the organizational design which affects and is affected by the goals and the strategies and the organizational design is manifests as a structural form. The learning versus the efficiency model if we have discussed about this in the previous lecture, information control systems, production technology, human resource policies, incentives, culture as well as inter inter-organizational linkages.

And, ultimately the outcomes result in the form of goal to invent resources utilization and efficiency and effectiveness. So, this is something which we need to you know you know give importance to when we are formulating a strategy for the organization.

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A Strategic intent

- To be successfully achieving the goals and strategies, there must exist a strategic intent.
- Strategic intent exists when organizational resources are directed toward the overall goal.

According to Daft (2008), aspects pertaining to strategic intent include:

- Mission
- Core competence
- Competitive advantage

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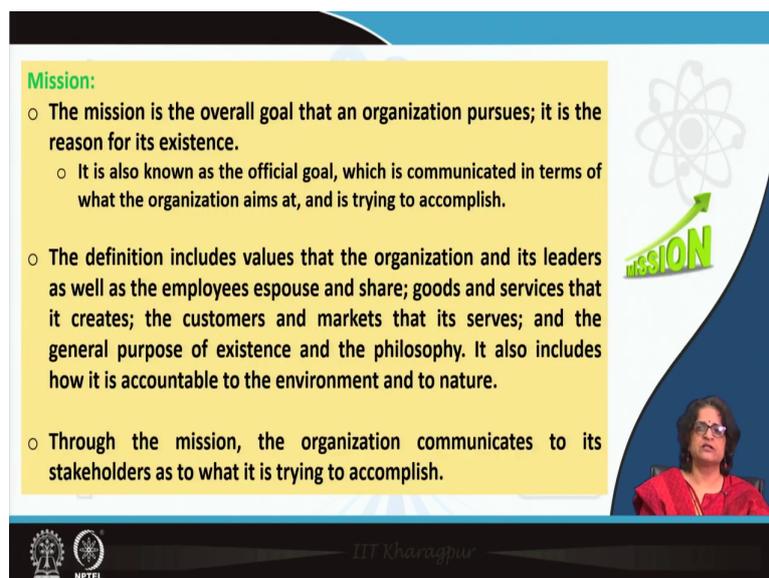
So, to be successful we will start with a little bit of more you know discussion on some of the; some of the issues which we have just discussed and one of them is strategic intent. So, to be successfully achieving the goals they must exist a strategic intent and such an intent

exists when organizational resources are directed towards a particular goal towards a particular objective.

And, according to daft you know the aspects pertaining to strategic intent include the mission, the core competence and the competitive advantage. So, you know if you see it here in this model also you see that you know there is a component of the mission, there is a component of the distinctive competence and there is a component of the competitive advantage which an organization can have.

So, you have the mission and the core competence or the you know or the distinctive competence and then you have competitive advantage.

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Mission:

- The mission is the overall goal that an organization pursues; it is the reason for its existence.
 - It is also known as the official goal, which is communicated in terms of what the organization aims at, and is trying to accomplish.
- The definition includes values that the organization and its leaders as well as the employees espouse and share; goods and services that it creates; the customers and markets that it serves; and the general purpose of existence and the philosophy. It also includes how it is accountable to the environment and to nature.
- Through the mission, the organization communicates to its stakeholders as to what it is trying to accomplish.

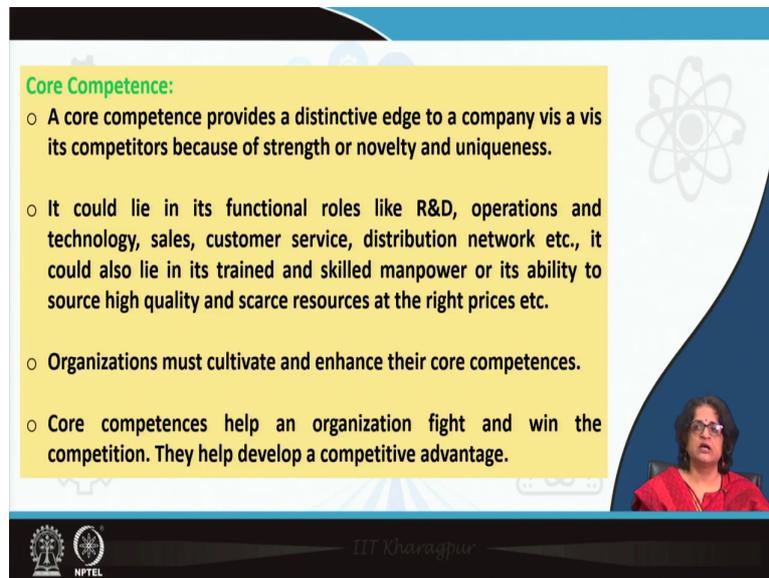
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So, the mission is the overall goal that an organization pursues. In fact, it defines the very reason for the existence of an organization and is also known as an official goal which is communicated in terms of what the organization is aiming at and what it is trying to accomplish.

And, this the definition of a mission includes the values that the organization and its leaders and the employees share and the goods and services that they create the customers and markets that they serve and the general purpose of existence and the philosophy total philosophy behind the existence of the organization. So, it also includes how it is countable to the environment and to the nature.

Through the mission the organization communicates to the stakeholders to the community about what it is trying to achieve.

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Core Competence:

- A core competence provides a distinctive edge to a company vis a vis its competitors because of strength or novelty and uniqueness.
- It could lie in its functional roles like R&D, operations and technology, sales, customer service, distribution network etc., it could also lie in its trained and skilled manpower or its ability to source high quality and scarce resources at the right prices etc.
- Organizations must cultivate and enhance their core competences.
- Core competences help an organization fight and win the competition. They help develop a competitive advantage.

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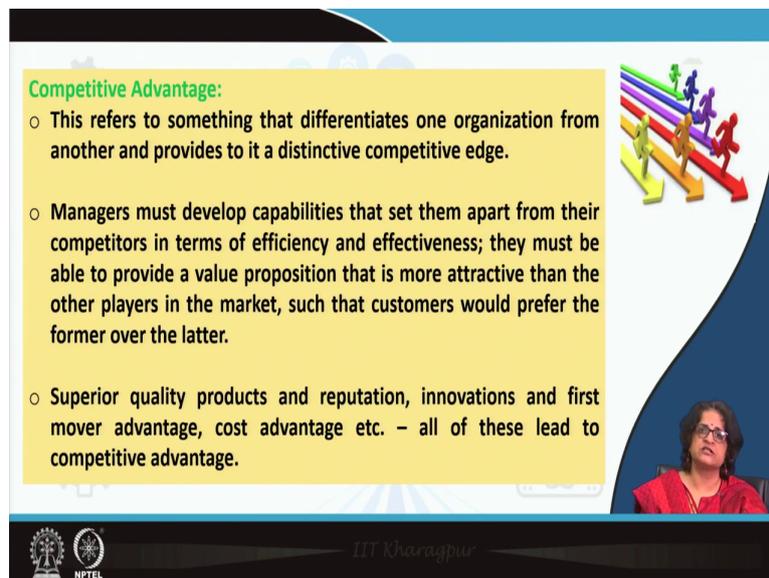
The next is in term of a distinctive competence or a core competence. Now, the core competence provides to the organization as a distinctive edge, especially in comparison to the competitors. And, this distinctive edge you know is because the company possesses a strength or a novelty and possesses some kind of a uniqueness.

So, a core competence provides a distinctive edge to a company vis-a-vis it is competitors because of strength or novelty and uniqueness. And, this uniqueness or this core competency or you know could lie in any of its functional roles like R and D or operations and production or technology or sales or customer service distribution network, any of it.

It could also lie in the manpower in the skilled manpower that an organization you know has or its ability to source high quality you know resources, high quality and scarce raw material or resources etcetera. So, organizations must cultivate and enhance their core competency.

That is very very important and because you know this core competency is actually going to provide to the organization a distinctive edge against the competitors. So, core competency is help an organization fight and win competitors and they provide to the organization a competitive advantage.

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Competitive Advantage:

- This refers to something that differentiates one organization from another and provides to it a distinctive competitive edge.
- Managers must develop capabilities that set them apart from their competitors in terms of efficiency and effectiveness; they must be able to provide a value proposition that is more attractive than the other players in the market, such that customers would prefer the former over the latter.
- Superior quality products and reputation, innovations and first mover advantage, cost advantage etc. – all of these lead to competitive advantage.

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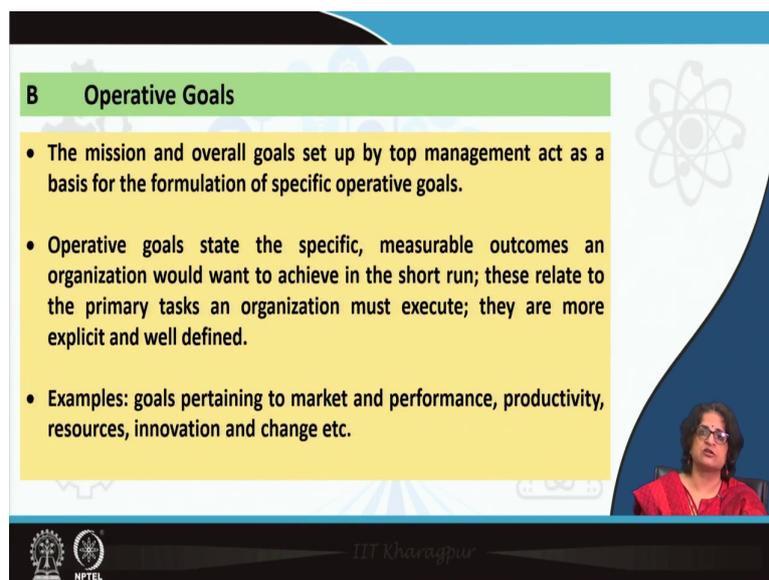
Coming to the competitive advantage, so, this is something which differentiates one organization from another and provides it the distinctive edge. Managers have to develop

capabilities that set them apart from the competitors and such capabilities could pertain to effectiveness, to efficiency.

And, they must be able to provide to the customers and to the community a value proposition that is more attractive than the competitors, so that the customers would prefer the organizations you know product or value proposition compared to the competitors a product or value proposition.

So, superior quality products and reputation, innovations first mover advantage, cost advantage – all of these could act as sources of or as you know sources of competitive advantage, they could all lead to competitive advantage for an organization.

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B Operative Goals

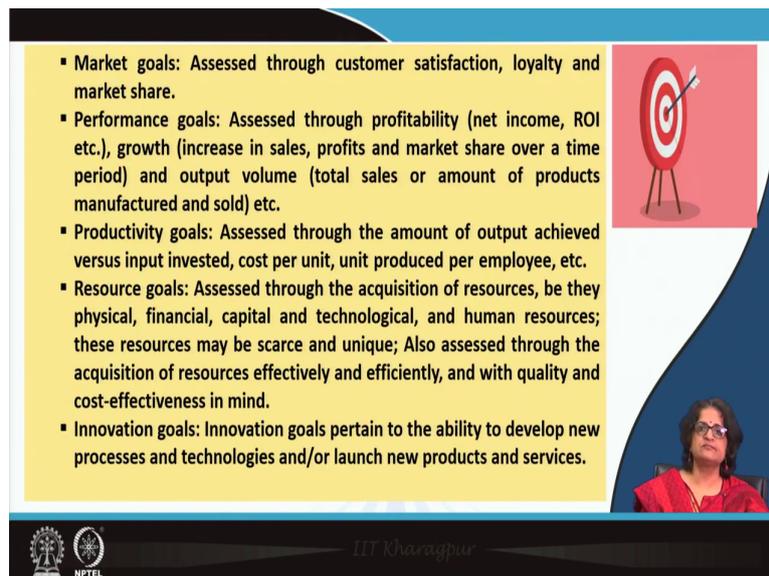
- The mission and overall goals set up by top management act as a basis for the formulation of specific operative goals.
- Operative goals state the specific, measurable outcomes an organization would want to achieve in the short run; these relate to the primary tasks an organization must execute; they are more explicit and well defined.
- Examples: goals pertaining to market and performance, productivity, resources, innovation and change etc.

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The next thing that we will like to discuss here is operative goals. So, the mission and overall goals set by the top management act as a foundation act as a basis for a formulation of specific operative goals. Now, what are operative goals? Operative goals are the more specific measurable outcomes an organization would want to achieve in the short run.

So, these relate to the primary tasks from the organization very explicitly, well defined objectives and these could be a goals pertaining to the market and performance, productivity, resources utilization, innovation and change etcetera. So, the once the there is a mission you know that mission and overall goal has to then lead the management towards the more specific operative goals.

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- Market goals: Assessed through customer satisfaction, loyalty and market share.
- Performance goals: Assessed through profitability (net income, ROI etc.), growth (increase in sales, profits and market share over a time period) and output volume (total sales or amount of products manufactured and sold) etc.
- Productivity goals: Assessed through the amount of output achieved versus input invested, cost per unit, unit produced per employee, etc.
- Resource goals: Assessed through the acquisition of resources, be they physical, financial, capital and technological, and human resources; these resources may be scarce and unique; Also assessed through the acquisition of resources effectively and efficiently, and with quality and cost-effectiveness in mind.
- Innovation goals: Innovation goals pertain to the ability to develop new processes and technologies and/or launch new products and services.

So, market you know the goals as we said could relate to market goals, performance goals, productivity goals, resource goals and innovation goals. So, market goals are assessed by you

know customer satisfaction, loyalty, market share. Performance goal goals could pertain to profitability net income, rate of investment, rate of return on investment you know.

And then growth – growth in terms of you know increase in sales, profits and market share over a period of time; output volume which is total sales or amounts of product manufactured and sold etcetera. So, basically performance goals are assessed through profitability, growth and output volume and profitability is something which all organizations aim towards in a major way.

They took at the net income; they also look at the return on investment or the rate of return on investment which is the ROI and they look at growth, they look at their market share and all of these are performance goals. Productivity goals are assessed through the amount of output achieved versus the input invested.

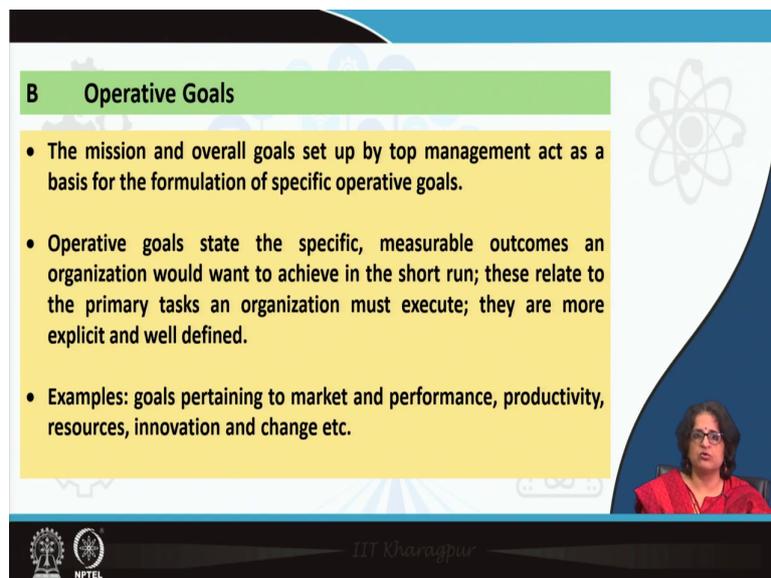
So, cost per unit you know unit produced per employees etcetera are examples of productivity goals. Resource goals are assessed through the acquisition of resources be they financial resources or financial resources or capital resources. And, these resources you know you know whether the physical, financial, capital or human resources, these resources may be scarce may be unique.

And, so, it is very important that organizations are able to access them and at the right cost ok at the right you know. So, with one these resources must be available at the right in the right quality, in the right time at the right time and at the right price. So, cost effectiveness has to be kept in mind.

And, then there are innovation goals, innovation goals pertain to the ability to develop new processes and technologies and launch new products and services. So, these are different goals which are the management may you know very explicitly define and these are goals which are in line with the mission you know of the organization and overall goals of the organization.

As we just said different departments, divisions, units could have their own goals in line with the organizational goals.

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B Operative Goals

- The mission and overall goals set up by top management act as a basis for the formulation of specific operative goals.
- Operative goals state the specific, measurable outcomes an organization would want to achieve in the short run; these relate to the primary tasks an organization must execute; they are more explicit and well defined.
- Examples: goals pertaining to market and performance, productivity, resources, innovation and change etc.

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And, these goals here the operative goals are more specific measurable outcomes that the organization would like to achieve in the short run.

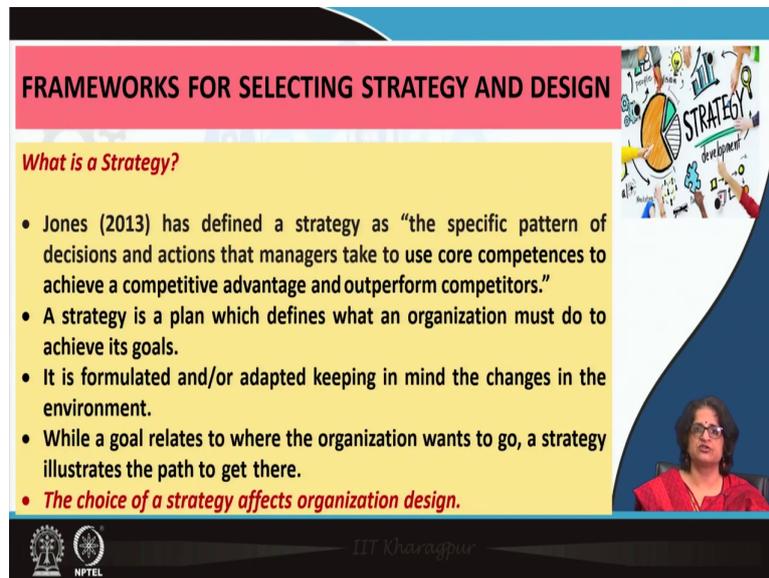
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- Each of the primary tasks has specific goals that guide and direct everyday activities and the associated decision making within departments.
- Operating goals provide direction and communicate the standards of performance of employees.
- Organizations must plan such that there is a balanced set of operative goals.
- *Organizations must design specific strategies to achieve their organizational goals.*

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So, each of the primary tasks has specific goals that guide and direct day to day activities. Operating goals they provide a direction and to the organization and communicate standards of performance to the employees and organizations must plan that there is a balance set of these operative goals. So, they should design specific strategies to achieve the organizational goals.

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FRAMEWORKS FOR SELECTING STRATEGY AND DESIGN

What is a Strategy?

- Jones (2013) has defined a strategy as “the specific pattern of decisions and actions that managers take to use core competences to achieve a competitive advantage and outperform competitors.”
- A strategy is a plan which defines what an organization must do to achieve its goals.
- It is formulated and/or adapted keeping in mind the changes in the environment.
- While a goal relates to where the organization wants to go, a strategy illustrates the path to get there.
- *The choice of a strategy affects organization design.*



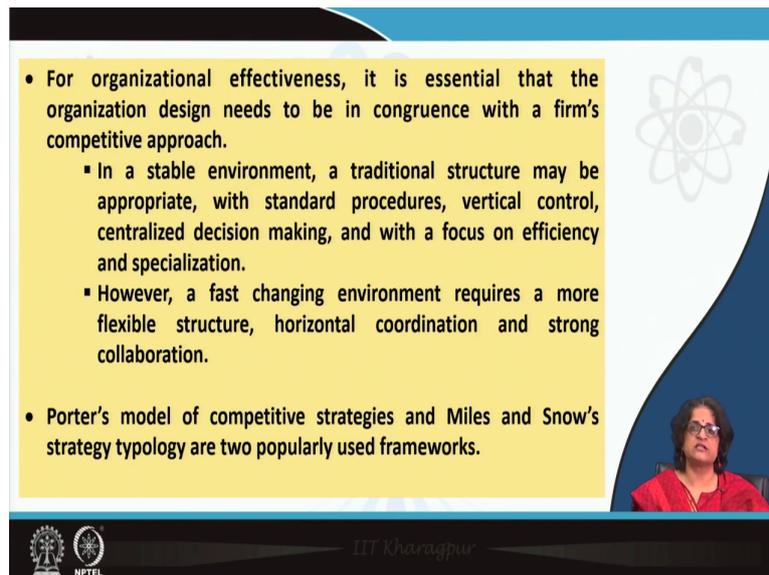
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Now, we come to the frameworks for selecting a strategy and a design. So, what is the strategy we spoke about it a few minutes ago, but Jones has defined a strategy as a specific pattern of decisions and actions that managers take to use core competencies to achieve a competitive advantage and outperform competitors.

So, a strategy is a specific pattern of decisions and actions that managers take to use core competencies to achieve a competitive advantage and outperform competitors. So, it is a plan which defines what the organization must do to attain its goals. So, it is basically an action plan, it is formulated and adapt you know to keeping in mind the environment, it is also adapted you know keeping in mind the environment.

So, it is formulated and or adapted to changes in the environment and while the goal relates to where the organization wants to go the strategy pertains to the path what would be the path to reach there.

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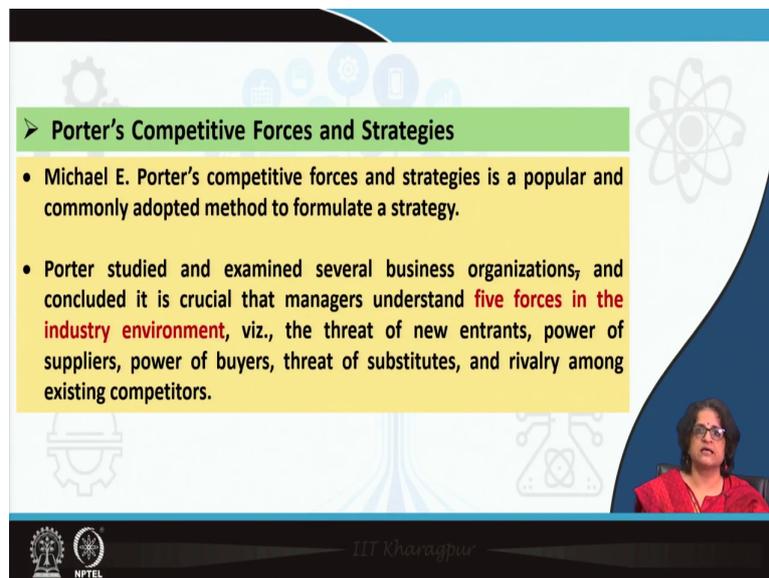
- For organizational effectiveness, it is essential that the organization design needs to be in congruence with a firm's competitive approach.
 - In a stable environment, a traditional structure may be appropriate, with standard procedures, vertical control, centralized decision making, and with a focus on efficiency and specialization.
 - However, a fast changing environment requires a more flexible structure, horizontal coordination and strong collaboration.
- Porter's model of competitive strategies and Miles and Snow's strategy typology are two popularly used frameworks.

So, the choice of the strategy also affects the organizational design. So, when we talk about organizational effectiveness it is essential that organization design is in congruence with the firm's competitive approach. And, in a stable environment a traditional structure may be appropriate with standardized rules, regulations, procedures, vertical control, centralized decision making and with a focus on efficiency and specialization.

But when we operate in fast changing environments as we do today that requires a more flexible structure more of horizontal coordination as we have discussed in the previous week

and strong collaboration. So, Porter's model of the competitive strategies and Miles and Snow's strategy typology are two popularly used frameworks which we shall be discussing.

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➤ **Porter's Competitive Forces and Strategies**

- Michael E. Porter's competitive forces and strategies is a popular and commonly adopted method to formulate a strategy.
- Porter studied and examined several business organizations, and concluded it is crucial that managers understand **five forces in the industry environment**, viz., the threat of new entrants, power of suppliers, power of buyers, threat of substitutes, and rivalry among existing competitors.

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Coming to Porter's competitive force and strategies Michael Porter's competitive forces and strategies are very popular and commonly adopted method to formulate a strategy. He studied and examined business organizations and concluded that managers must understand the five forces in the industry environment which is the threat of new entrants, the power of suppliers, the power of buyers, the threat of substitutes and the rivalry amongst existing competitors.

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○ Threat of new entrants: this depends on the number and extent of barriers to entry, like cost, laws etc.

○ Power of suppliers: the relative size and strength of the vendors, which depends on the number of suppliers, uniqueness of the product that they deliver, switching costs, reputation, etc.

○ Power of buyers: the relative size and strength of the buyer, which depends on the number of buyers, switching costs, etc.

○ Threat of substitutes: this means that close substitutes exist, and the possibility of customers shifting to other alternatives is high.

○ Rivalry among existing competitors: this depends on the other four factors as well as upon the number of competitors, their size and strength, the degree of differentiation in the products they offer etc.

- *The five forces define a company's position vis-à-vis the other industry players.*
- *Understanding the five forces help design a strategy that would make an organization more profitable and less vulnerable.*

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And, while he was defining that he said when we talk of threat of new entrants it depends on the number of an extent of barriers to entry like costs, law etcetera. The power of suppliers pertains to the relative strength and size of the vendors which depends upon the number of suppliers, the uniqueness of the product that they offer and the switching costs, reputation etcetera.

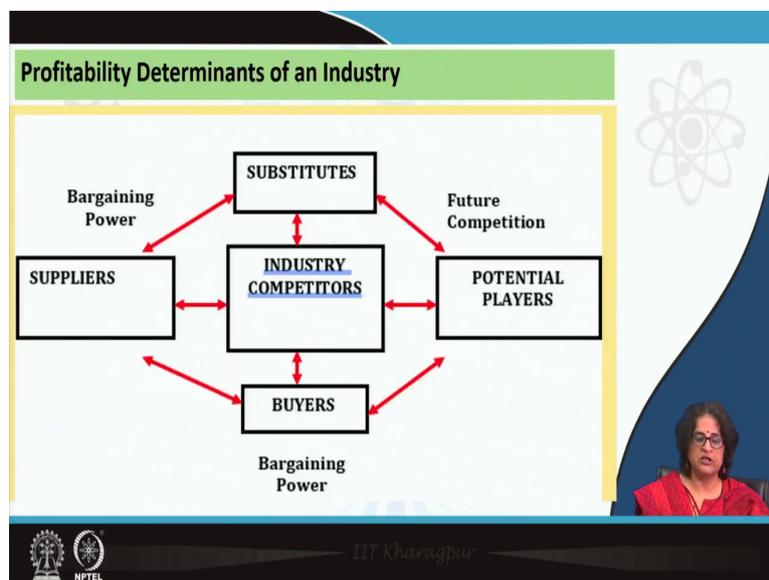
The power of buyers refers to the relative strength and size of the buyer which depends on the number of buyers and the switching costs etcetera. The threat of substitutes means that there are close substitutes which exist and the possibility of customers switching to other alternatives is very very high.

And, when we talk about rivalry amongst competitors it means that you know it actually depends on the other four factors which we mentioned above as well as upon the number of

competitors, their strengths, their size, the degree of differentiation in the products they offer etcetera.

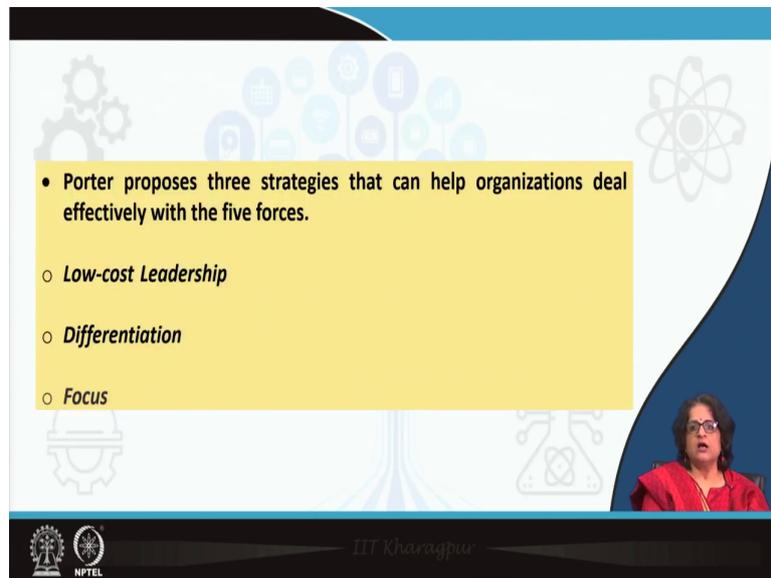
So, the five forces according to Porter define a company's position vis-a-vis the other industry players or vis-a-vis the other competitors in the industry and understanding the five forces which is threat of new entrants, power of suppliers, power of buyers, threat of substitutes and rivalry amongst existing competitors you know help design a strategy that would make an organization more profitable and less vulnerable.

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So, these are the different, these are the five different forces.

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• Porter proposes three strategies that can help organizations deal effectively with the five forces.

- *Low-cost Leadership*
- *Differentiation*
- *Focus*

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Now, Porter proposed that there are three strategies that can help organizations deal effectively with the five forces and these strategies are low-cost leadership, differentiation and focus.

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Costs

- **Low-cost Leadership:**
 - The firm aims at achieving low-cost; mass scale production and distribution, economies of scale, as well as access to cheaper raw material etc. lead to low cost of production; this enables a firm to charge lower prices than the competitors, and earn sales and large market shares, and revenues. It can also earn higher profits than other industrial players because of its efficiency.
- **Differentiation:**
 - The firm aims to distinguish its offerings from others in the industry. The distinguishing aspect may pertain to features, attributes, after-sales service, newer technologies etc. The firm aims to be unique in the industry, and distinguish themselves on a dimension that is valued by the segment. Because of their uniqueness, they are also in a position to charge a premium price.
- **Focus:**
 - The firm chooses a narrow segment, focusses on a particular market segment or buyer group and then applies cost-leadership or differentiation (excluding others). It either seeks a cost advantage or it seeks differentiation.

Cost Leadership Strategy

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So, the first is low-cost leadership. Now, in low-cost leadership the firm aims at achieving low cost, mass scale production and distribution economies of scale as well as access to cheaper resources you know etcetera lead to a low-cost of production and this would enable a firm to charge lower prices as compared to the competitors, earn larger sales and earn huge market shares and revenues.

It would also lead to higher profits than other industrial players because the organization would be very efficient in its production processes. So, when organizations aim at a low-cost leadership, the major focus is on achieving low cost. The second strategy which Porter proposed is differentiation.

According to this the firm you know should aim towards distinguishing its offerings from others in the industry and the distinguishing aspect may pertain to features, attributes, newer

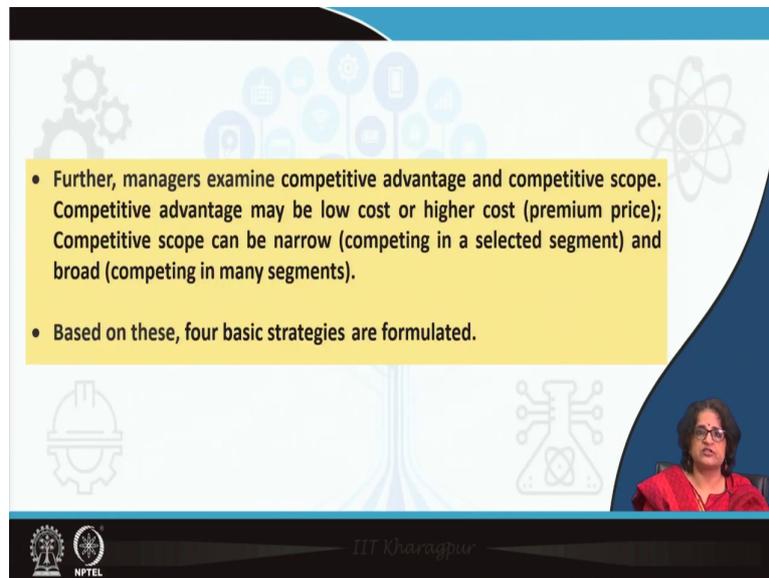
technologies, after sales services etcetera. So, the firm tries to be unique in the industry and it tries to distinguish itself on a dimension which is valued by the segments.

So, because of the uniqueness the organization is also in a position to charge a higher premium. The third is focus, Porter said that the firm may choose a narrow segment and focus on a particular market segment or a buyer group and then can apply either the cost leadership or differentiation.

So, it is so, this strategy the focus it is either seeks a cost advantage or it seeks differentiation, but in a very narrow segment in a very small segment. So, he said that these are three strategies which can be used to manage the various forces in the environment. And, the first could be with respect to low-cost leadership where the aim is to achieve low cost.

Second is differentiation where the organization would distinguish its offerings from those of others and third is focus where the organization would concentrate on a narrow segment and then either use a low-cost leadership as a strategy or use differentiation as a strategy.

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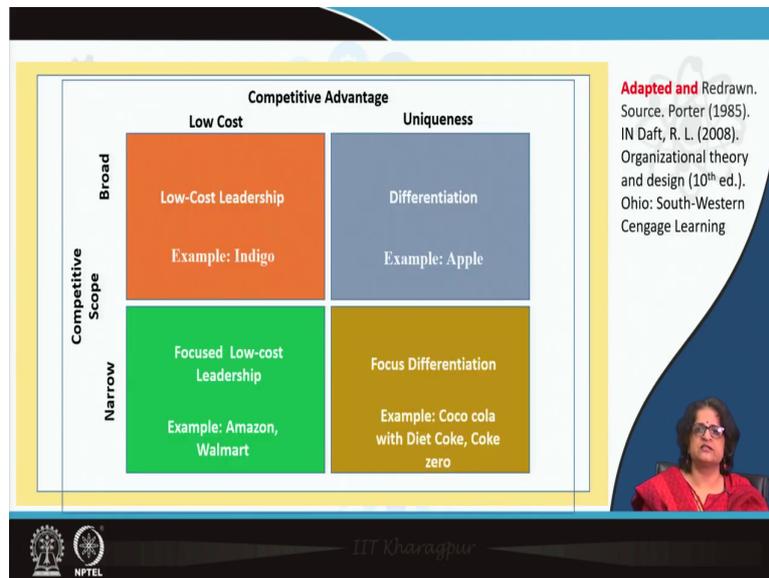
- Further, managers examine competitive advantage and competitive scope. Competitive advantage may be low cost or higher cost (premium price); Competitive scope can be narrow (competing in a selected segment) and broad (competing in many segments).
- Based on these, four basic strategies are formulated.

In the bottom right corner, there is a video inset of a woman with glasses wearing a red top. At the bottom of the slide, there are logos for IIT Kharagpur and NPTEL.

So, managers you know examine competitive advantage and competitive scope and competitive advantage may be low-cost or high cost which is you know either they charge low-cost or they charge a premium price. And, competitive scope can be narrow and broad; narrow is when they compete in selected segments and broad is when they compete in many segments.

So, managers examine costs examine competitive advantage and competitive scope. And, competitive advantage could be low-cost or high cost and competitive scope could be narrow or broad. Based on these, four strategies are formulated.

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So, on one hand you have the competitive scope which is narrow and broad, and on the other you have competitive advantage which is low-cost and uniqueness. So, when the competitive advantage is low-cost and the competitive scope is broad. You could practice as an organization the you know you could practice low-cost leadership. Examples in the Indian context are for example, Indigo.

When the competitive advantage is uniqueness and the competitive scope is broad the differentiation could be adopted; example being Apple and products from Apple. When the competitive advantage is a low-cost and the competitive scope is narrow, the organization could follow a focused low-cost leadership; example being Walmart and Amazon.

And, when the competitive advantage is uniqueness and the competitive scope is narrow, a organizations could go for a focused differentiation. Like for example, you have Coco Cola which comes in different kinds of variants like Diet Coke or Zero Coke etcetera.

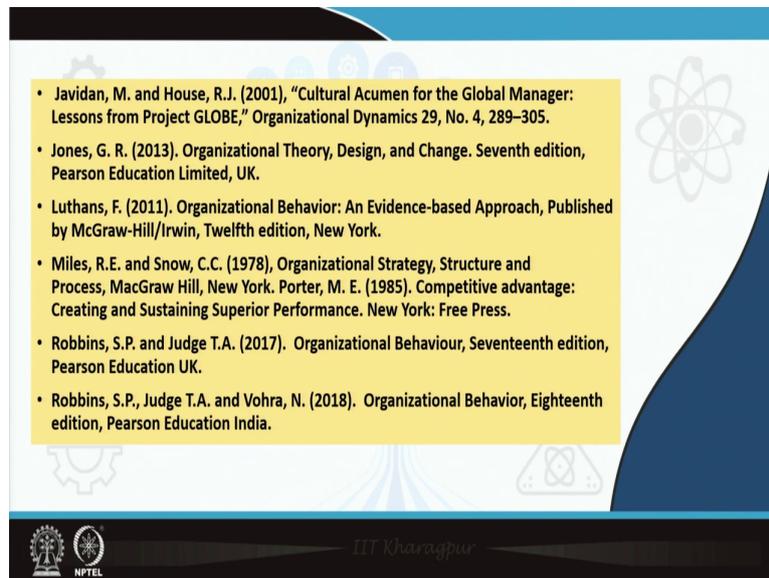
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So, with this I we come to a conclusion of lecture 1 of module 4. These are the references.

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CONCLUSION

This brings us to the end of the first lecture of Module 4.

We shall continue with the topic in the next lecture.

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We shall continue with the topic in the next lecture.

Thank you.