

**STRATEGY FORMULATION
WITH CORE COMPETENCE AND FLEXIBILITY:
A STUDY OF SELECT ORGANIZATIONS**

By

ANJANA KAK

Department of Management Studies

Thesis submitted
in fulfillment of the requirement for
the award of the degree of Doctor of Philosophy



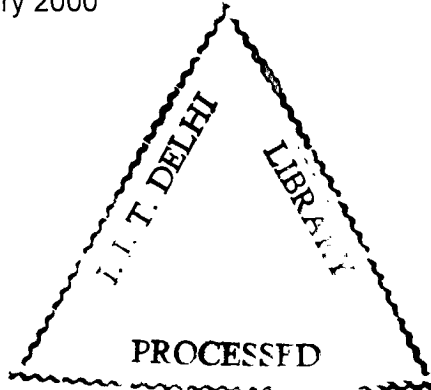
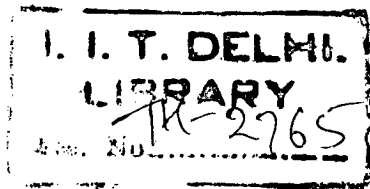
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*for
Corporate Strategy*

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CERTIFICATE

The thesis entitled "Strategy Formulation with Core Competence and Flexibility: A Study of Select Organizations" being submitted by Ms. Anjana Kak to the Indian Institute of Technology, Delhi, for the award of the degree of Doctor of Philosophy (Ph.D.), is a record of bonafide research work carried out by her. She has worked under my supervision, and has fulfilled the requirements for the submission of this thesis, which has attained the standard required for a Ph.D. degree of the Institute. The results presented in this thesis have not been submitted elsewhere for the award of any degree or diploma.



(Prof. Sushil)

Research Supervisor

Department of Management Studies

Indian Institute of Technology

New Delhi – 110016

INDIA

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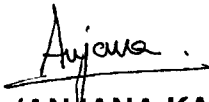
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ABSTRACT

The study aims at studying the strategies practiced by corporate enterprises and analyzing major components of strategy formulation using core competence and flexibility, as an important source of generating a sustainable competitive advantage for corporate success. It also aims at evolving out a framework for core competence and flexibility based strategy formulation and implementation. It addresses the queries like, 'Why', 'What', and 'How' about a competence based strategy with an emphasis on flexibility in organizations.

The review of literature that helped in identifying the issues has been done under three main headings namely, 'role of core competence for generating a sustainable competitive advantage'; 'sources of core competence'; and 'formulation of strategy with core competence and flexibility'. Some of the issues that have been identified are: the linkage between core competence and organizational learning, managerial actions that can improve the odds of success with the technology development and link the technology development to the company's competitive strategy, and relationship of core competence and flexibility in strategy formulation and implementation. The literature further helped in identifying other issues like, capability to absorb new technology, development of in-house technology, coordination of various functions, customer value, economies of scale and scope, time advantage, assistance from technology providers, customer consciousness, organizational flexibility, training & development, organizational learning, support from top management, globalization, environmental assessment, and so on.

The specific objective of the study is to develop an insight to find out what organizations understand from core competence concept. It attempts to identify and develop core competence as a strategic measure to derive competitive advantage for corporate success. It further tries to evolve a methodological framework of strategy formulation and implementation using core competence and flexibility.

The principals of flexible systems methodology have been used to carry out the study. The entire study is divided into three phases, which are called as pilot study, macro study, and micro study. The pilot study is basically an exploratory study, which has been carried out to answer 'why' part of it. The study has been done on a convenient sample of four organizations from different sectors. The method of interviewing and the observation has been used in preparing the cases, which are analyzed using Situation-Actor-Process (SAP) paradigm.

The macro study tries to answer 'what' part of the study, and has been confined to fast growing sectors. As it was not possible to cater to *all* fast growing sectors, so study was finally limited to IT and Pharmaceutical sectors for the

development of cases. The qualitative data has been collected through observations and interviews based on SAP-LAP model of inquiry. The quantitative data has been collected through questionnaire survey, the questionnaire for the study has been validated for its construct. Empirical testing of the conceptual model of the study has been done through questionnaire filled through 203 respondents. Statistical analysis for validating the research hypotheses has been carried out. The cases have been prepared using both qualitative and quantitative data. The organizations for case development in IT sector include HCL, CMC, and Compaq, while as Ranbaxy, Eli Lilly and Company, and Pharmacia & Upjohn are the organizations taken for pharmaceutical sector. Each case has been exhaustively presented followed by learning issues using SAP-LAP analysis. The study analyses the processes that lead to development of core competence, sources of competitive advantage, and finally the corporate success. The other issues that have been addressed include management of technology, strategic flexibility, organizational learning, time factor, cost factor, differentiation, rate of return, and growth of the organization. The objective is to access the strategy formulation practices with an emphasis on core competence and flexibility.

The micro study is aimed at an organization's in-depth analysis of core competence development, generation of competitive advantage, and formulation of strategy with core competence and flexibility. To illustrate the micro study, the case study of Compaq has been extended. The methodology used in carrying out this study comprise of 'relationship of impacts in strategy with core competence and flexibility' with the help of questionnaire survey, interviews, observations, and learning issues of the case studies. A normative model of SAP-LAP framework has been developed for strategy formulation with core competence and flexibility. The case has been analyzed applying SAP-LAP paradigm that incorporates both learning and action to increase the performance of the organization. The feedback from the learning has provided additional information to identify the control actions that need to be taken. The proposed model is simple and provides deep insight into the managerial context.

The study is likely to be found useful by IT and Pharmaceutical organizations for evolving core competence and flexibility based strategy to generate competitive advantage for corporate success. Besides, the study is relevant to organization's that have not identified and developed their core competencies as a strategic measure to derive competitive advantage. The study paves the path for academicians and researchers working in the area of core competence, flexibility, and strategic management.

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