CHAPTER 2 : OBJECTIVES OF THE STUDY

OBJECTIVES OF THE STUDY:

The most important technological developments over the last 50 years have been due to electronics. It has been global in nature and has influenced and still is influencing strongly various aspects of human life. Today’s wide array of labour saving devices, control and measuring equipment, communications, medical science, information technology and computers, entertainment and many other fields have been able to advance due to electronics. World over, electronics has been one of the fastest growing industries and forms the core of many nation’s economies. Electronics has significantly influenced the cost structure as well as the quality and productivity standards of most industries.

There is no doubt that electronics will go on playing a vital role in our daily lives for a more prosperous living standard. It will also go on influencing the systems and processes of other vital industries. The global importance of electronics will go on increasing as we step into the 21st century. So a thorough understanding and analysis of the electronics industry is a must if its health and hygiene is to be kept intact. The researcher’s choice of the electronics industry, as the subject of this study, is therefore highly justified and relevant.

The second issue that has necessitated this study, are the economic reforms that are sweeping India. The country is being subjected to a totally new economic prescription. Old beliefs and methods are radically changing in matters concerning the country’s economy and industries. The policies launched since July 1991, is a radical change for the entire nation. The experiment is vital, essential and inescapable. Industries and business are the most affected by the new economic reforms. They have to bear the brunt of the change. From a binding system of elaborate procedures and overdose of controls, industries and business are suddenly led into an environment, that is to a very large extent, free of chains. While the industries and business have certainly gained entrepreneurial freedom, they have simultaneously become exposed to a series of unexpected challenges.

Indian industry and businesses are under trial. Their capabilities and skills have to stand up to the global market test. This is the first time that they are made to experience the power of real competition that an open economy implies. How do Indian industries and
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businesses propose to face up to the competition created by deregulation, decontrol and delicencing? How do they plan to counter the new edge gained by the Multi-National Corporation's (MNC's)? Who will spearhead the new competition? Are they geared up to tackle this dynamic, volatile and uncertain environment through revamping their business processes to come out successful? These are some of the questions that are extremely important for the economy of India.

With the abolition of licensing in most industrial sectors, the profits enjoyed by many companies by operating in protected market, is no more assured. Corporate success is going to be the outcome of a conscious and well planned and executed management process. Almost overnight the Indian industry and business are thrown into a situation of high vulnerability which can be tackled only through a process of strategic planning and control, or in short strategic management. It has to be a process of building core competence and competitive advantages. Yesterday's strategies, which may have been relevant and successful in the past, will not hold in today's vastly altered scenario. Industries and business will have to redefine their business and rework their missions and strategies.

"To put in a nutshell, the New Industrial Policy represents a clear departure from the earlier ideological fixations which are totally out of tune with contemporary realities. The new policy relies greatly on the market mechanism and globalisation impulses. It envisages a more open, efficient and quality conscious industrial sector equipped to face global competition. In the sweep and tenor, it is novel, compared to the other policies. While the earlier policies encouraged industries to remain wrapped up smugly in the cocoon of an excessively protected economy, the New Industrial Policy compels industry to acquire competitive strength and pursue business excellence". Ramaswamy and Namakumari (1994).

"There is a widespread recognition that the corporate response to the economic liberalisation policies of the Government has to be of a quantum nature and not just incremental. It has to have both long and short term responses. It should be strategic as well as tactical". Budhiraja and Athreya (1996).
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There are also a lot of opportunities coming up for the Indian industries due to the operation of the New Industrial Policy. Collectively known as "liberalisation". They include inter alia,

(1) trade reforms entailing a gradual reduction of import duties
(2) delicensing of industrial investments
(3) currency reforms like rupee convertibility
(4) capital market reforms including free pricing of equity and access to off-shore equity and debt.
(5) tax reforms like reduction of unproductively high marginal tax rates, wider reach and better administration.
(6) financial sector reforms like ensuring capital
(7) labour law reforms
(8) public sector reforms
(9) allowing inflow of foreign direct investment, and
(10) emphasis on exports

With these as support elements, Indian industries, with its advantages of cost and manpower resources can reap benefits in the global market, especially in certain industries such as electronics. The intent is to go for rapid industrial growth, riding on the crest of these reforms.

It is essential to study and analyse the prevalent Strategic Planning and Control systems of the electronics industry at this juncture and look into their preparedness to seize the emerging opportunities or to nullify the imminent threats.

Upto the end 1960s, the electronics industrial organisations were concentrated in the developed countries of the West. Japan made its entry felt in the early 1970s. But during the last 15 years or so, countries such as South Korea, Singapore, China, Malaysia, Taiwan, Thailand, Hong Kong and Philippines have made major progress in the electronics industry, which has shaped their growing economies. The success of these countries has demonstrated that the electronics industry is essential for developing a high-tech competitive economy today.
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India, poised on the threshold of globalisation and rapid industrial growth, has vast potential to emerge as an important player in the electronics industry. Having the third largest technical manpower resources, cheap labour and a vast network of R&D Laboratories, which are all plus points for a growing industry, India is projected to leapfrog into the 21st century with rapid industrial growth, particularly in the electronics sector. Strategic decisions are therefore being taken at the highest levels of the Indian Government to assist and create a conducive environment for a globally competitive electronics base in the country.

It is the opinion of many experts that West Bengal has all the ingredients of becoming a major centre for electronics industry. With the acquisition of Hong Kong by China and rising costs in the other South-East Asian countries mentioned earlier, many global electronics companies are trying to realign their production bases. Moreover, the two most populous countries, China and India, are today's biggest consumer markets. Having production centres in these countries would be economically viable for domestic and international companies. West Bengal, with its proximity to the above mentioned South-East Asian countries, two ports, two airports, a reasonably good network of railways and roads, surplus power, technical expertise and cheap labour, makes an ideal choice of place for the growing electronics industry. It is a challenging prospect for the existing electronics industry in the State as well as for the MNC's and new entrepreneurs.

Success or failure predominantly depend on the quality and capability of the managers in the existing electronics industry in West Bengal. The right vision, concepts, tools and techniques of modern management planning and practices, control of the business parameters, productivity and product quality are the prerequisites - in short, the major issues of Strategic Planning and Control.

An attempt has therefore been made to assess and analyse the Strategic Planning and Control techniques being used in the electronics industry in West Bengal, as well as the perceptions/opinions of the managers in such industry regarding various aspects of Strategic Planning and Control. Special emphasis has been laid on the aspect of Strategic Control, as it has been found by many experts in this field, that Strategic Planning is given the most attention and not Strategic Control. Several studies have shown that most plans
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have failed and are still failing, in all types of industries, all over the world, not because of a lack of planning but because of faulty execution and slackness in Strategic Control. Also a lesser amount of literature is found for Strategic Control than for Strategic Planning. During his study on US companies, Leonard (1987) was forced to comment: "While many papers and much research have been conducted in the areas of strategic planning and strategy formulation, only a few papers or studies can be found in the area of strategic control. As per a computer-assisted literature search, only 35 articles were found with the term "strategic control" or "strategy control" in the title or abstract, while 1064 were found with the term strategic management." The researcher has made an attempt to fill up at least some of this gap in his limited capacity. This study has been restricted to the large industrial organisations as they play the major role in the industry.

The researcher has not come across any such study on the West Bengal electronics industry and so found it necessary and was motivated to undertake such a research work on this important issue. This study has been empirical in nature and had to rely on the primary data collected through rigorous field survey.

The researcher has also examined the theoretical framework of Strategic Planning and Control and perused some of the contemporary literature on the subject. Finally, some suggestions have also been made for the overall improvement of the strategic management process for the electronics industry in West Bengal.

The title of the study has been kept as "An Evaluation of Strategic Control Systems Perceived by the Managers in the Electronics Industry of West Bengal." Control means to measure the output and to find the gap with respect to some set target or standard and to take necessary corrective/preventive actions to minimise/eliminate the gap. In the title, the term "Strategic Planning" has been left out as it is taken for granted that Strategic Control systems operating in the electronics industry will be measuring performance against a set target or standard, i.e., the Strategic Plan. Therefore, the study encompasses both the Strategic Planning as well as the Strategic Control systems and their interconnections in the various organisations belonging to the electronics industry in West Bengal.
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It is hoped that this study will throw an insight into the methods, processes and practices being followed in the electronics industry in West Bengal, and the findings, along with the suggestions and recommendations, will be useful to academicians, managers and other researchers in this field.