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EMPIRICAL STUDY ON INNOVATIVE AND COMPETITIVE BEHAVIOUR OF INDIAN BUSINESS ENTERPRISES



Dr. Srinivasa Rao Kasisomayajula,

Associate Professor, School of Business Management,
Aristotle PG College, Moinabad, Hyderabad

Email ID : srini_arudra@yahoo.co.in, dr.ksr1921arise@gmail.com

ABSTRACT

Innovative and competitive behaviours represents components of strategic behaviour of a firm, whereby firm engages in search of opportunities, sheltering from strategic surprises, gaining of profitability, of competitiveness and performance, and obtaining of competitive advantage. The article describes that some patterns observed in firms' innovative and competitive behaviour in empirical studies performed for 2013 and in 2020. The studies covered 131 and 112 firms respectively, functioning on the Indian market, pertaining to diverse sectors and being different size (micro firms, small, medium sized, and large enterprises) and ownership (private and public). Innovative and competitive behaviours were operationalized as parts of the strategic behaviour of the firm. The aggressiveness and optimality has compared to the necessary one given the level of environment instability. Strategic behaviour, as a measure of how well a firm adapts and relates to its external environment can alternatively defined as strategy itself. The empirical findings

suggested that, the observed patterns of sustained behaviour, innovative and competitive, between the two periods. From the perspective of strategic management, from 2013 to 2020, the most visible and important trend is the change in the nature of firms' external environment. From a stable environment of sustained growth, in 2013, it has evolved to a global financial and economic crisis and a post-crisis period. Among the implications, for researchers as well as businesses, is the continuous feature over time with regard to aspects of the strategic behaviour and its dimensions: the strategy formulation, the analysis and planning of the current capabilities and the analysis and planning of the development of new capabilities. The other elements, there is a move from the long to the short term, to modifications less allowed, and simultaneously, to more permission of strategic actions to precede strategic decisions outside the short-term, most often explicitly documented strategies.

KEY WORDS

strategic, innovative, competitive behaviour, Environment Serving Organizations, Environment Turbulence, conceptual umbrella

RESEARCH PAPER

I. Introduction

Innovative and competitive behaviours represents that the components of the strategic behaviour of a firm, whereby firm engages in search of opportunities, sheltering from strategic surprises, gaining of profitability, competitiveness and performance, through obtaining of competitive advantage. Strategic behaviour constitutes an active behaviour, in its two parts as to be understood as a measure of how well a firm adapts, and relates to its external environment. A main postulate in management and strategy is that the adaptation and optimal relating of an enterprise to the factors and requirements of its environment is of prime importance for its competitiveness, performance, and profitability, regardless of the type and size of the enterprise small, medium, or large, private or public and the type of environment in which it operates. Whereas the innovative component of the strategic behaviour is concerned with the strategic activity of the firm in entrepreneurial aspect to the business activity in competitive aspect, complementing and accommodating the innovative one. The present study examines both components of the strategic behaviour, over 2 different periods, 2013 and 2020.

II. Objectives:

- The main objective of this study is identifying sustained and different patterns of the firms' strategic behaviour in India.
- To analyse Strategy formulation, types, environmental nature, planning and goals of the firms

III. Review of Literature:

- Relationships among national culture, strategic aggressiveness, capability and financial performance: case of banks in Jordan and United States, Abu-Rahma (1999),
- Relationship between environmental turbulence, top manager mind-set, organization culture, power and performance in Korean firms Han (1999),
- Relationships among environmental turbulence, strategic aggressiveness of information technology, organizational information technology capability, and organizational performance, United States Jihwan (2000),
- Strategic management in a transition country: case of Bulgaria, Hristova (2007),
- Comparative analysis of strategic behavior of enterprises in Bulgaria and France and of its impact on enterprises' performance, Hristova 2009

IV. Theoretical Approach

In the theoretical field of strategy, the innovative and competitive behaviour pertains to the scientific area of strategic behaviour of the firms. In this area, the most established the framework, known as the strategic success hypothesis, contingent success formula, or strategic diagnosis model is concerned with the strategic behaviour of organizations, especially Environment Serving Organizations (ESO), sometimes referred to as purposive organizations. Strategic behaviour, as a measure of how well a firm adapts and relates to its external environment can alternatively defined as strategy itself. Nevertheless, hypothesis sets

out a narrow and specific field or school of thought, in the strategic management theory, due to its key concepts of strategic behaviour, competitive and entrepreneurial behaviour, environmental turbulence, strategic aggressiveness, and general management responsiveness. Hypothesis states that for optimum profitability and the levels of both strategic aggressiveness and general management responsiveness of the firm must be aligned with environmental turbulence level or performance of a firm is optimized when its strategic behaviour, both innovative and competitive, is aligned with its environment turbulence level. The alignment of a firm's response in its two integral parts i.e. competitive and innovative. To environmental turbulence is measured by the respective gaps between the level of turbulence and the level of strategic aggressiveness on one hand, and capability responsiveness level on the other. For optimum performance, both strategy and capability of an ESO. It must aligned with the turbulence of the ESO's environment. Meanwhile, strategic innovative and competitive behaviour covers three dimensions, such as

- Strategy content essence of strategic choices of firm,
- Strategy process by which firm formulates its strategic choices
- Strategic logic of behaviour character of being proactive, reactive, systematic, comprehensive and others.

Different types and categories of strategic behaviour can accordingly observed in theory and practice of firms, each type of strategic behaviour being relevant and appropriate, for optimal firm performance, under different environmental turbulence level. The strategic success formula provided a "conceptual umbrella" which accommodated apparently contradictory success prescriptions from distinguished management scientists in the management literature, by identifying the environmental turbulence levels at which the respective formulas for success became valid. As such, all prescriptions or formulas for success, previously discovered or formulated, by academics or managers, are valid, but under different environmental conditions.

Hypothesis: The *Strategic Success Hypothesis* subsumes two key hypotheses, which have important implications to both research and practice of strategic management.

- H_0 : there is no single strategic behaviour, which assures success;
- H_1 : Environmental turbulence is the driving variable, which determines the type of strategic behaviour, which will succeed in an environment.

V. Research Methodology:

This research paper studied that the two parts of the strategic behaviour innovative and competitive of its three dimensions strategy process, strategy content, and dominant logic of Indian firms in two periods i.e. 2013 and 2020. Types of the strategic behaviour, aggressiveness of firms' strategic behaviour, given respective turbulence level of external environment, and patterns of sustained behaviour in two periods were explored. This empirical study performed by the method of standardized questionnaire.

VI. Research Questionnaire and Data Collection:

The descriptive theoretical language of strategic success hypothesis or diagnosis model was translated into a questionnaire, which included distinct groups of questions covering: entrepreneurial part, competitive part, strategy process, strategy content, dominant logic of behaviour, types of strategic behaviours, strategic aggressiveness, and environment characteristics of firm.

VII. Sampling Procedures and Sample Characteristics

For the sampling procedures in both studies, the study has relied on a sociologic agency in the framework of a research project. In 2013, the research took place under the research project “analysis of firm’s strategies in India and in 2020 under “analysis of firm’s strategic issues in India and possible ways of overcoming them. The response rates were approximately 21% and 27% respectively. Different numbers of samples were obtained for the two studies—131 and 112, respectively, representing a wide range of industries, sizes, and firm ownership.

VIII. Data Analysis and Interpretation:

1. Strategy Content:

As integral part of strategic behaviour, strategy content and process in studied firms take form of formulation of a strategy in both 2013 and 2020. Firms in their greatest majority indicate that they have formulated a strategy for achievement of their goals *Table 1*. However, from one period to the second, a decreasing number of firms have formulated a strategy.

Table-1: Strategy Formulation by the Firm

Sl. No.	Strategy Formulation	2013	2020
1	Having formulated a strategy for achievement of goals	93%	86%
2	Not having formulated a strategy for achievement of goals	7%	14%
In cases of strategy formulation:			
1	Strategy is rendered explicit in a document	52%	62%
2	Is not documented	48%	38%

In the cases of strategy formulation, the strategy is typically rendered explicit in a document in about half of the firms in 2013 and in more than half of the firms in 2020. Firms that do not render explicit their strategy show lessening number in the period of seven years. As for the types of strategies developed, y are, in the greatest majority of cases in 2013 and 2020, concrete strategies to be followed as a precise guide by the studied firms. In a second group, growing are the lots of firms lacking a formulated strategy, with as nearly as three times between 2013 and 2020. An observed pattern regarding firms’ strategic choices and thus their innovative behaviour is that in both 2013 and 2020, the majority of the studied firms indicate that they have adopted more than one strategy.

Table-2: Corporate Strategies of the Firm

Sl. No	Type of Corporate Strategy	2013	2020
1	Diversification strategy	35%	43%
2	Local/regional strategy	22%	33%
3	Strategy on the national level	61%	22%
4	International strategy	27%	30%
5	Global strategy	3%	16%
6	Strategy of internationalization	13%	34%
7	Strategy for survival	12%	20%
8	Strategy of expansion	54%	24%
9	Strategy of liquidation of activities	1%	11%
10	Strategy for the creation of clusters, participation in networks of	6%	12%

	firms		
11	Strategy for strategic alliances	9%	6%
12	Outsourcing strategy	9%	16%
13	Strategy aimed at social goals	52%	21%
14	Strategy aimed at ecological goals	14%	22%
15	Strategy for the activities of firm	33%	17%
16	Strategy for the agents of cooperation of the firm	26%	13%

The mostly followed are the strategies of diversification, the strategy of internationalization, the local/regional strategy, the strategy on the national level, the international strategy, the global strategy, and the strategy of survival. In 2013, the majority of firms the pursuit strategy of expansion; by 2020, this strategy marks a nearly two-fold decrease, while strategy of liquidation of activities—an expressed increase, but together with another expressed rise, that of the global strategy.

As **Table 2** shows, or strategies firms do not adopt much in the first period, but what are more represented in the second are the strategies for the creation of clusters and participation in networks of firms, and the outsourcing strategy. The strategy for strategic alliances has nevertheless decreased in adoption, letting place for the outsourcing and or forms of cooperation. Other highly represented the strategies are the strategy aimed at social goals and the one aimed at ecological goals. The strategy for the activities of the firm is less presented in second observations, as is the strategy for the agents with whom the firm cooperates.

2. Strategic Analysis of the External Environment

Among the strategic analyses of the external environment, studied firms indicate, in the majority of cases, the analysis of data and short-term forecasts strong signals management, the economic forecasts for the trends in environment, the opportunities and threats, and about 1/3 of firms—the forecasts elaboration **Table-3**. Other widely performed analyses are the competitors' intelligence and the analysis of sayings hearing for the development of the business environment weak signal management. Greatly gaining use is the brainstorming, more than doubling between the two studies, and decreasing in adoption are the scenario for the development of the macroeconomic environment in short or long term. The industrial or technological intelligence and the analysis of the five forces also increase in use, at the expense of the simulations. The behaviours considered optimal with regard to the potential firm.

Table-3: Strategic Analysis of the External Environment

Sl. No.	Name of External Environment	2013	2020
1	Economic forecasts for trends in environment, opportunities and threats	36%	50%
2	Analysis of data and short-term forecasts strong signal	15%	59%
3	Scenario for development of macroeconomic environment in short or long term	28%	19%
4	Industrial or technological intelligence	5%	9%
5	Competitors' intelligence	15%	26%
6	Analysis of five forces Porter's	7%	14%
7	Analysis of sayings-hearing for development of business	14%	26%

	environment weak signal		
8	Brainstorming	12%	31%
9	Simulations	10%	8%
10	Forecasts elaboration	34%	37%
11	None of above	5%	5%

Performance are situated in the range from the capital budgets to the periodic strategic planning.

3. Strategic Analysis of the Internal Environment

Among the strategic analyses of the internal environment, a steady application over the two periods possesses the evaluation of the firms' strengths, weaknesses, and capabilities, marking even an increase from 2013 to 2020 *Table 4*. Firms clearly see the strengths and their evaluation as a ground for a successful strategy, even in the short term. The scenario for the development of the firm may be in short or long-term can also use by the firms in both studies and show an important increase. The benchmarking is more doubling its adoption, while the portfolio analysis remains stable in application in both 2013 and 2020.

Table 4 Strategic Analysis of the Internal Environment

Sl. No	Name of Internal Environment	2013	2020
1	Evaluation of the strengths and weaknesses, of firms' capabilities	61%	74%
2	Portfolio analysis	14%	13%
3	Scenario for the development of the firm in the short or long term	53%	62%
4	Benchmarking	12%	25%

4. Business Strategy

As Table 5 indicates, the business strategies firms implemented in 2013 are the strategy-price for nearly half of the firms and the strategy of differentiation for 1/3 of the firms. These two strategies are even more applied in the second period. At the same time, in both 2013 and 2020, nearly half of the firms indicate the strategy of innovations. In 2020, a clear increase in the niche strategy was observed, which attains application in more than 1/3 of the studied firms.

Table 5: Business Strategies of the Firm

Sl. No.	Type of Business Strategies	2013	2020
1	Strategy-price	48%	61%
2	Strategy of differentiation	34%	39%
3	Niche strategy	35%	44%
4	Strategy of innovations	51%	49%

5. Strategy Process:

With regard to the strategy process, about 1/3 of the studied firms in both periods develop concrete strategies to be followed as a broad guide. Between 2013 and 2020, however, growing is the number of firms indicating that they have developed concrete strategies to be followed as a precise guide (*Table 6*)

Table 6: Strategy Development of the Firm

Sl. No.	Nature of the Strategy Development	2013	2020
1	Concrete strategies, to be followed as a broad guide	33%	31%
2	Concrete strategies, to be followed as a precise guide	38%	46%
3	Lack of a formulated strategy	22%	31%

Also growing is the number of firms lacking a formulated strategy with regard to the strategy process, which is consistent with replies of firms elsewhere, for example, in the strategy content side and the formulation of strategy for the achievement of firm's goals. From the first study to the second, the strategic plan of the firm has been found to include less long-term goals and objectives and considerably more short-term goals and objectives.

Table 7: The Strategic Plan of the Firm and the Types of Goals/Objectives of Firms

Sl. No.	Goals/objectives of firms:	2013	2020
1	Long-term	61%	43%
2	Short-term	34%	53%
3	Documented	47%	43%
4	Not explicated in a document	32%	30%
5	Flexible; permitting modification	72%	65%
6	Fixed; not permitting modifications until achieved	11%	21%

Table 8: The Strategic Plan of the Firm and the Overall Number of Goals/Objectives

Sl. No.	Overall number of goals/objectives	2013	2020
1	Under 5	31%	59%
2	Between 5 and 10	24%	26%
3	More than 10	25%	14%

Table 9: The Strategic Plan of the Firm and Firms' Objectives

Sl. No.	Firms' Objectives	2013	2020
1	Broad statements of key strategic goals/objectives for the firm, which tend not to change/evolve as circumstances warrant	18%	14%
2	Broad statements of key strategic goals/objectives for the firm, which tend to change/evolve	56%	48%
3	Statements of specific financial targets to be achieved, either annually, or over the foreseeable future	53%	63%
4	Statements of specific market share/sales growth targets for the firm	59%	55%
5	Statements of specific key result areas/objectives for many/all functions/operations of the firm	31%	25%

As shown in *Table 7*, the documentation of the goals/objectives is typical for a considerable part of the firms in both studies. From 2013 to 2020, the goals/objectives of firms grow less flexible and permitting modification in larger part of the firms, becoming

more fixed and not allowing modifications until achieved. The overall number of more than 10 for the goals or objectives marks a strong decrease between 2013 and 2020, in favour of the overall number of up to five goals/objectives, which nearly doubles in 2020 (**Table 8**). The goals/objectives between five and 10 remain steadily represented as 1/4 of the cases in both 2013 and 2020. Over both periods, the types of goals/objectives included in the strategic plans of the firms are mainly statements of specific financial targets, to be achieved either annually or over the near future, together with statements of specific market share/sales growth targets for the firm, for more than half of the cases. As **Table 9** shows, in the two studies, firms' plans also include broad statements of key strategic goals or objectives for the firms, which tend to change or evolve as circumstances warrant. Less indicated are statements of specific key result areas/objectives for many/all functions/operations of the firm, decreasing between 2007 and 2014, and broad statements of key strategic goals/objectives for the firm and which tend not to change/evolve as circumstances warrant.

IX. Conclusions with Findings

From the perspective of strategic management, from 2013 to 2020, the most visible and important trend is the change in the nature of firms' external environment. From a stable environment of sustained growth, in 2013, it has evolved to a global financial and economic crisis and a post-crisis period. Therefore, it is relevant to aim to explain observed trends and characteristics of firms' strategic behaviour, innovative and competitive, at the light of this change of the environment from one type to another—from the opportunities and perspectives for performance and expansion of India firms to the much more morose business climate and perspectives of uncertainty. Instability, less predictability of the future and more threats in the external environment have become the *maître-mots*, together with institutional and political upheavals and recession. In this context, based on the empirical results, authors identify firms' strategic behaviour as being sustainably superior in its strategic aggressiveness both in 2013 and 2020 (Table 19); the trend is, however, stronger in 2013 than that in 2020.

X. Limitations and Required Further Studies

The present study has some limitations, mainly with respect to the samples of studied firms. This can be among the directions for future research. In addition, the innovative and competitive aspects could be further studied in more depth. Among the implications, for researchers as well as businesses, is the continuous feature over time with regard to aspects of the strategic behaviour and its dimensions: the strategy formulation, the analysis and planning of the current capabilities and the analysis and planning of the development of new capabilities. The pricing strategy also remains sustained over two periods, both in an environment of opportunities and in such of a post-crisis period. Curiously, the strategic learning is likewise sustained through the two periods. Its presence is associated with the highly superior or superior strategic aggressiveness, of which the latter persists during the second period. Nonetheless, the more turbulent environment has put its mark on other elements of India firms' strategic behaviour, both innovative and competitive, which clearly are not similar and sustained over the two types of environment. As implications for research and business are the trends regarding the goals/objectives of firms, the modifications or changes in firms' strategy, and the strategic actions that begin to precede strategic decisions. These elements and other elements, there is a move from the long to the short term, to modifications less allowed, and simultaneously, to more permission of strategic actions to precede strategic decisions outside the short-term, most often explicitly documented strategies.

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