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Strategic Management is more than the technological power

Dr Vipin Gupta

The purpose of present investigation is to understand the grand challenge of strategic management facing our societies today, and to investigate alternative models for addressing the root causes. Unlike the existing models that emphasize the unique power of a few leader businesses for supernormal workforce proficiency, I am interested in the metaphysical models of management that recognize the creative energies of each entity in the world to develop at par work culture capability. I propose that working towards this vision is not only feasible, but also beneficial for the sustainability of the local, national and international investment of the leader as well as follower businesses.

Motivation for Research

In applied economics, strategic management is conceptualized as the extrinsic work culture capability that can be exchanged by an organization for creating intrinsic cultural capability – i.e. the power to cultivate and transform the creative power of diverse extrinsic human stakeholders. This extrinsic work culture capability is the predominating factor ensuring self-fulfilling creative technological power, even without aspirational planning. It creates dynamism in an organization. It protects the organization from the entropy-effect as a consequence of emotional stress created by a condition where it's emotional, cultural, and technical intelligence falls short of its aspirations. From the perspective of managerial science, extrinsically oriented perspective of strategic management constrains the value an organizational entity is able to create with its historically dominating cultural capability. How an organization strategically manages its cultural capability is the dominating factor that drives the effect of endowments it trades from its extrinsic workculture ecosystem. My thesis is that a fundamental purpose of business is to not only trade the creative workculture energies of self-organizing human entities, but also service the innovative cultural energies with its unique tactical approach to organize

the independent as well as the correlated technological power of those entities. In other words, how an organization grows its cultural capability is the deciding factor in its technological power. We refer this as the intrinsic “exchange” power of an organization.

Taking a metaphysical perspective, I propose that sustainable strategic management is about descending the dependence on the extrinsic workculture capability as creative technological power, and ascending the development of the intrinsic cultural capability for growing the exchange value of workforce system within and without an organization. In this module, we will learn first, how to ontologically conceptualize sustainable strategic management as the power for growing the exchange value of extrinsic workforce system, and second, a systematic sequence of four epistemological models of how to develop the power for growing the exchange value of all endowments traded within and without an organization, or what we refer as trading-effect.

Going beyond the metaphysical perspective, we observe that each organization has a unique intrinsic cultural capability. Consequently, knowing of the alternative cultural capability is the compensating factor that impedes or facilitates self-fulfilling of the aspirational creative power beyond the organization's own cultural capability. We therefore conceive technological capability of an organization as the sum total of the historical intrinsic as well as the alternative extrinsic cultural capability within its consciousness. We conceive the overall effect of cultural capability as workforce proficiency, and the overall effect of



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strategic management of technological capability as networking proficiency. Finally, the overall effect of varying future work culture capability on the present technological capability can be conceived as exchange proficiency.

The Ontological Concept of Strategic Management as Creative Technological Power

How to conceptualize the ontological purpose of strategic management with an extrinsic “technological” power and intrinsically creative workforce system? In applied economics, the strategic purpose for workforce management within a value system is to service the creative technological power of an organization. Value system, sometimes referred to as the industry or sectoral or system value chain, is the network of organizations engaged in the work of creating the entire servicing value – starting with the materials that have zero economic value and finishing with the marketing that has the desired economic value. The work of creating entire servicing value denotes the overall creative technological work of the value system. An organization that strategically manages the entire workforce system works as a creative technological power. Such an organization is sometimes referred to as the governing entity. A governing entity may be of four types: first, a follower organization trades and services the value of its workforce system. Its strategic management creates positive worker social cost and positive worker social benefit. Positive worker social cost implies the cost associated with its own workforce, as distinct from the social cost that includes extrinsic workforce system. Second, a leader organization trades and services value of follower workforce system, for which it accrues compensation from the follower organizations servicing the value. Thus, its strategic management creates positive social cost for the follower organizations, and positive worker social benefit intrinsically. Third, an entrepreneurial organization exchanges the servicing value of the follower and leader organization workforce system for a premium. Its strategic management accrues positive social benefit for its followership and leadership stakeholders, and positive worker social benefit intrinsically. Fourth, a responsible management organization exchanges the servicing value of the entire workforce ecosystem. Its strategic management also

accrues positive social benefit for followership and leadership stakeholders and positive worker social benefit of its own for the exchange work. In addition, because of the cost of networking the entire ecosystem, its strategic management also creates positive worker social cost intrinsically.

Using a managerial science perspective, creative technological power of an organization, without its workforce system, can be measured in terms of its worker social benefit cost ratio. Greater the worker social benefit and lower the worker social cost within an organization, the greater its creative technological power. Each follower organization has a unique creative technological power. Each leader organization includes diverse follower organizations within its networking system, and expects positive compensation for its networking work. We refer this networking approach of the leader organizations as innovative organizational power, and interpret it as a form of technological investment, because the leadership organization invests in the networking system as a technique to accrue value.

Using a metaphysical perspective, power of an organization’s innovative exchange linkages, within its workforce system, can be measured as social benefit cost ratio. Greater the overall social benefit and lower the overall social cost within a workforce system, the greater the power of an organization’s innovative exchange linkages. Each entrepreneurial organization engages diverse follower and leader organizations through strategic management within its exchange system. It creates strategic exchange power by engaging creative technological capability of each follower organization and takes responsibility for compensating each leadership organization for its technological investment. We refer strategic exchange power as the strategic management system, which is a form of technological trading, because the entrepreneurial organization trades value for its technological role as a market exchange, and does so by intermediating potentially direct leadership – followership linkages.

Taking a dynamic perspective transcending the metaphysical perspective, strategic management power of an organization, within its exchange system but without its workforce system, can be measured in terms

of its positive social benefit. Greater the extrinsic social benefit within a networking system, the greater the strategic management power of an organization. Each organization takes responsibility for networking diverse self-managing follower, leader and entrepreneurial organizations within its networking system. We refer extrinsic social benefit created within a networking system and intrinsic worker social benefit cost ratio created within a workforce system together as technological exchange, because each organization creates intrinsic value by networking the extrinsic creative technological power and exchanging that with the intrinsic innovative organizational power.

We further propose that extrinsic social benefit comprises of six transcendental values that we refer as SHEENY values (social, human, ecological, economic, national and psychological). Similarly, intrinsic worker social benefit cost ratio comprises of six immanent values manifesting the creative technological power, i.e. the sense of world as a manageable endowment through GUIDER values (global, unique, inclusive, diversity, engagement, responsibility). The overall social benefit cost ratio comprises of six immanent values manifesting the innovative organizational power, i.e. the sense of self as a self-managing spiritual being with DIVINE values (D for Determination why, I for Imagination how, V for Virtue who, I for Intuition when, N for Nature where, and E for Excellence what). Different forms of organizations vary in their strategic exchange power, i.e. their STRATEGIC AWARENESS sense of the varying proficiency of entities with varying (workforce) value systems, or what we refer as culture-effect capabilities.

Taking a technological perspective, we propose that the varying worker social benefit cost ratio of organizations generates escalating technological cost. While on surface this escalating technological cost may not be of concern to the organizations with proficient workforce system, we propose that there is a critical need to understand the technological exchange perspective. Specifically, each organization exchanges this escalating technological cost, which impedes its strategic exchange power, innovative organizational power as well as creative technological power.

As a solution to this presently unknown grand challenge, there is an urgent need to create a

technological servicing perspective. For enhancing the proficiency of their networking system, responsible organizations should appreciate the technological value of their knowledge of the varying technological power of diverse follower organizations.

There is also a need to create a technological trading perspective. For enhancing the proficiency of their exchange system, responsible organizations should become the intermediaries of missing followership-followership linkages. This will empower the followership organizations to descend their workforce energy devoted to cost-escalating organizational power, and ascend their networking of cost-effective technological power of co-followers. We refer the consciousness about this empowering opportunity as human-effect perspective. We refer the management technique for leveraging unique human-effects as TACTICAL APPROACH, i.e. the heuristic sense of the constant excellence of entities independent of their varying cultural capabilities. By exchanging this integrated technological power, responsible organizations enhance their technological growth, i.e. the value of their creative technological power. We refer the consciousness about this energizing opportunity as trading-effect perspective. We refer the strategic management for effectively trading both innovative as well as creative linkages of technological power as TACT, i.e. integrated servicing power.

Traditional Followership Model of Tactful Strategic Management

In closed systems, with zero creative human-effect, tactful strategic management is about innovative networking of the preexisting technological power. Through its technological investment in preexisting technological power, an organization accrues risk-free returns. Greater the monetary power an organization has to make the technological investment, the greater its risk-free returns. Each unit of technological investment generates a constant return, reflecting the constant worker social benefit cost ratio of the preexisting technological power.

In traditional applied economics, workforce systems or internal organizational markets are modeled as closed systems, with a finite perfectly known and common pool of knowledge endowments. With constant value of creative technological power, the

workforce system as a whole becomes proficient. There are no opportunities for improvement. Strategic management in this condition is about organizational planning. The entire population of entities competes and divides technological investment among them in ascending proportion of their TACT.

Theoretically, an entity with perfect tactful organizational planning may even mobilize the entire monetary power and technological investment within a local community. This is identified as a state of perfect order in systems theory, with entropy-effect = 0 and theory-effect = 1. In a closed local system, eventually through their TACTICAL organizational planning, each organization appropriates at par value of trading-effect, and self-realizes a state of equilibrium. This is identified as a state of perfect chaos in systems theory, with entropy-effect = 1 and theory-effect = 0; and is the criteria for perfect competition in applied economics. SHEENY social benefits are an ascending function of the competing entropy-effect, manifesting at par workforce proficiency of each organization. We therefore refer the followership model of constant individual technological investment as the competing SHEENY values model of trading-effect. The value created in this model is a function of the constant technological power of organizational planning.

Modern Professional Leadership Model of Tactful Strategic Management

In open systems, with positive creative human-effect, tactful strategic management is about strategic exchange of the creative technological power. Through its technological trading of creative technological power from followership entities, an organization accrues leadership premium, commonly referred to as risk premium, on its technological investment. Greater the mental power an organization has for programming the technological trading into its organizational work culture, the greater its return premium. Each unit of technological investment generates an increasing return, as a function of the ascending worker social benefit cost ratio of the organization's networking system.

In modern applied economics, organizational networking systems are modeled as open systems, with a potentially infinite unknown and variable pool of

knowledge endowments. With variable value of innovative organizational power, the networking system as a whole experiences intrinsic opportunity for learning and consequently improving the organizational work culture system. Strategic management of workforce system in this condition is about organizational planning as well as organizational programming. Entities compete not only to capture disproportionate monetary power for technological investment, but also to manifest disproportionate leadership mental power for technological trading. The leadership perspective puts emphasis on the execution or implementation of strategy through appropriate programs led by professional managers.

Ideally, an entity with perfect tactful organizational programming may even mobilize the entire leadership mental power and technological trading opportunities in a nation. This is identified as a state of technological singularity, or simply singularity, in open systems theory. It is characterized by an infinite creative technological power for the organizational entity, generating unfathomable social benefits and a perpetual undiffused state of disequilibrium. At this point, diffusion-effect = 0 and ideal-effect = 1. In reality, there are multiple perfect tactful pathways of organizational programming, as a function of the level at which organizational planning takes place. If the entire organizational planning energy is at the corporate level (theory-effect = 1), then that corporate has the power to program the entire diffusion-effect (diffusion-effect = 0; ideal-effect = 1). If the organizational planning energy is distributed uniformly at the local level (theory-effect = 0), then each local organization has the power to program $1/n$ growth-effect, where n is the number of organizations within the local (closed) system. If there are infinite entities within a local system, then each local organization has $1/\infty$ i.e. zero programming power (diffusion-effect = 1; ideal-effect = 0). If there are many local systems, then organizational entities within each local system capture energy value as a function of their locally planned organizational energy and corporate-level self-programming of that local planning energy. SHEENY social benefits are a descending function of the competing programming-effect, manifesting at par networking proficiency of each organization. We

therefore refer the leadership model of varying corporate technological trading as the negative SHEENY values model of trading-effect. The value created in this model is a function of the varying technological power of organizational planning without each level, and varying organizational power of programming within each level.

Emerging Social Entrepreneurship Model of Tactful Strategic Management

In complex systems, with programmable trading-effect, tactful strategic management is about tactful trading of the emerging technological power. Emerging technological power is a function of the growth in the planning energy without the closed local system as well as without the open corporate system within that closed system. Through its technological exchange of innovative organizational power from the leadership entities within a local system, and of creative technological power from the followership entities without the local system, an organization accrues entrepreneurship or exchange premium, commonly referred to as capital appreciation, on its technological trading. Greater the machine power an organization has for performing the technological exchange of its organizational work culture, the greater the entrepreneurship exchange or change or capital appreciation premium. Each unit of technological trading generates an increasing return, as a function of the ascending social benefit cost ratio of the organization's exchange system.

In emerging applied economics, organizational exchange systems are modeled as complex systems, with a potential equifinality or infinity in paths for realizing the ideal state of self-sustaining organizational performing. A national entity may mobilize the entire machine power for planning the variable value of strategic exchange power as a function of its national cultural norms. The normed national exchange system "programs" variable extrinsic opportunity for each local closed system, as a function of the value of each local system for the national cultural system. For instance, a national cultural system may have varying planning priority values for social, human, ecological, economic, national and psychological systems. The "formed" local exchange system services varying "performing" values to each

open system corporate entity within, as a function of each entity's exchange of its local workforce energy with the networking power at the national level. The corporate organizational entity has the power to transform its performing value through sensible, i.e. tactful organizational performing. Tactful organizational performing is manifested as networking of local closed systems characterized by above-par programming energy, and exchange of national governance systems characterized by below-par planning energy. Emerging entrepreneurial perspective identifies strategic management of workforce system with organizational planning and organizational programming, plus organizational performing. This perspective puts emphasis on the performing or improvisational dimension of strategy through local stakeholder organizational programming about the opportunities to learn beyond the routine planning of the corporate leaders.

Conceptually, an entity with perfect tactful organizational performing may even mobilize the entire entrepreneurship machinery power and technological exchange opportunities in the international universe. This is identified as a state of organizational singularity, or classical black hole, in complex systems theory. Black hole is characterized by infinite mass density, because of its perfect absorption through thermodynamic, i.e. technological, exchange without any diffusion. It is conceptualized as a point of continuous infinity in the co-evolutionary horizon of the organizational entity and of the entire self-organizing ecosystem. At this point, leadership-effect = 1 and followership-effect = 0.

In reality, there are multiple perfect tactful pathways of organizational performing, as a function of the level at which organizational planning takes place. If the entire organizational programming energy is at the corporate level (ideal-effect = 1), then that corporate has the power to perform and exchange the entire planning energy from diverse local levels (leadership-effect = 1; entrepreneurial followership-effect = 0). If the programming energy is distributed uniformly at the international level (theory-effect = 0), then each corporate has the power to perform and exchange at-par planning energy from diverse local levels (leadership-effect = 0; entrepreneurial followership-effect = 1).

SHEENY social benefits are a horizontal function of the supplementary performing-effect of each entrepreneurial corporate entity, manifesting at par exchange proficiency of each organization. We therefore refer the entrepreneurship model of constant corporate technological exchange as the supplementary SHEENY values model of trading-effect. The value created in this model is a function of the constant technological power of organizational planning without each level, and constant organizational power of programming within each level.

Integrative Responsible Management Model of Tactful Strategic Management

In dynamic systems, with system performing-dependent exchange power, tactful strategic management is about the strategic exchange of responsibly programmed organizational power. Responsible organizational power is a function of the growth of programming value within each closed local system and within each open corporate system within or without that local system. Through its technological trading of strategic exchange power from the (entrepreneurial) followership entities working within their closed local systems, and from the (entrepreneurial) leadership entities networking without their closed local system, an organization accrues responsible management or servicing premium, commonly referred to as sustainable growth or reputation premium on its performing technological capability. Greater the material power an organization has for profiting from its programmed technological exchange, the greater the responsible management servicing or sustainable growth or reputation premium. Each unit of performing technological capability generates an increasing return, as a function of the descending social benefit cost ratio of the organization's programmed technological exchange. The incremental social benefits descend as the organization ascends the integrative value of its responsible management model.

In advanced applied economics, growing organizational systems are modeled as dynamic systems, with a potential uncertainty in the realization of the theorized or leadership or aspired state of maximum possible organizational profiting. An international entity may mobilize the entire material power for planning the constant value of strategic exchange power, taking advantage of the varying

international work culture norms. The “transformed” international exchange system “programs” constant extrinsic opportunity for each local closed system within the leadership nation, but descending extrinsic opportunity for each local closed system within the followership nations. For instance, an international work culture system may have varying “reputation premium” programming values for global vs. unique local workforce systems, for inclusive universal vs. diverse targeted networking systems, and for engaged international vs. responsible corporate exchange systems. The “normative” corporate exchange system services constant “profiting” values within each closed local system where it has performing linkages, as a function of its exchange of international networking power from those systems with the strategic exchange power of its home nation. The corporate organizational entity has the power to programmatically form its planned profiting value through sensible, i.e. tactful organizational profiting approach. Tactful organizational profiting approach is manifested as the exchange of performing energy from localized international system characterized by below-par leadership programming energy, and servicing that as profiting value from the national system characterized by above-par leadership programming energy. Thus, a unique service offered within Kenya by a local company has subpar followership exchange value. However, if that business is acquired by a U.S. based Google or Apple, then the same service is now valued at supernormal leadership exchange value.

Epistemologically, an entity with perfect tactful organizational profiting model may even mobilize the entire self-managing method power and technological servicing opportunities over the entire future lifetime. This is identified as a state of ecosystem singularity, or black hole entropy, in dynamic systems theory. Black hole entropy is characterized by zero mass density, because of its perfect diffusion through thermodynamic, i.e. technological, exchange. It is perceived as a point of discontinuous zero separating an entire self-organizing ecosystem from ONE organizational entity within that ecosystem. Since this ONE organizational entity has infinite mass of energy within one dimensional point, it is common referred to as center of black hole or the point of gravitational singularity. At this point, there is no further energy left for the ONE organizational entity to trade. Therefore, the ONE organizational entity as a space becomes infinitely enduring over time - a phenomenon

commonly described as infinite space time curvature. At this point, leadership-effect = 0, and followership-effect = 0.

In reality, axiologically, there are multiple perfect tactful pathways of organizational profiting, as a function of the levels at which networking “planning”, “reputation exchange” programming and workforce performing takes place. If the entire organizational performing is at the corporate level (ideal-effect = 1), then that corporate has the power to profit and exchange the entire programming energy from engaged national levels. If the performing energy is distributed uniformly at the international level (theory-effect = 0), then each corporate has the power to profit and exchange at par programming energy from engaged national levels. If the performing energy is above par within a national universe (descending leadership-effect, ascending followership-effect, then each corporate and local system with that nation has the power to profit and exchange at par programming energy from the responsible national level. Additionally, each corporate and local system without that responsible national universe is destined to exchange and diffuse its entire performing energy to a point of eternal entropy. SHEENY social benefits are a forward growth function of the positive performing-effect of each responsible corporate, local and national entity, manifesting at par trading-effect of each performing organization. We therefore refer the responsible management model of ascending corporate technological power as the positive SHEENY values model of trading-effect. The profiting growth value created through responsible performing in this model is a function of the variable technological power of organizational planning within each level, and variable organizational power of programming without each level.

Metaphysically, the process of strategic management of workforce system for creating value comprises of four steps – organizational planning, organizational programming, organizational performing and organizational profiting. What an organization plans may not correlate perfectly with what it profits. The organization may have planning value aspirations disproportionate to its cultural capability. Seeking to fulfill its planned aspirations, when performing falls short of the intended programs, the organization may transcend the limits of its cultural capability and trade supra organizational cultural

capability. Ascending profiting as a consequence of such trading offers an opportunity to the organization to evaluate the tactical approach that catalyzed profiting beyond programmable strategy. Thus, profiting of an organization is more than the value of its performing – it includes both the economic value of its profiting as well as the psychological value of knowing that a supernatural creative power has catalyzed that economic value. In this perspective, consciousness or knowing about the true holistic value of organizational profiting is the compensating factor in the creative power of the organization.

Conclusions

Guided by its knowing, the organization has an opportunity to self-develop its cultural capability, and include tactical heuristics as part of its subsequent organizational planning for strategic management of workforce system. The organization may form innovative linkages with the knowers of those tactical heuristics, and plan on forming creative linkages with the knowers of additional, alternative and appropriate, tactical heuristics. Therefore, we can identify the entire process of strategic management of workforce system for creating sustainable value in terms of four plus one steps: organizational development being that plus one step. By including organizational development as part of its strategic management process, the organization becomes capable of transcending the metaphysical limitations of its historical cultural capability. It is able to catalyze its workforce proficiency through ascending consciousness about the local, national and international capability for servicing valuable tactical heuristics. Through innovative linkages with the knowers who have deep consciousness about these alternative capabilities, it is able to catalyze its networking proficiency as it plans to form creative linkages with the additional knowers of diverse local capabilities. It may catalyze its exchange proficiency by engaging with the national capability to compensate for the unique discoveries it makes. It may further catalyze its creative power for technological growth by taking responsibility for the international capability that guides its knowing and sustains profiting and development, even without the need for any intentional strategic planning. Thus, with a sensible sense of taking responsibility for the international capability, an organization can grow its future work culture capability – instead of taking it as an externally defined constant.