


## IMPLICATIONS OF STRATEGY MANAGEMENT BY MANUFACTURING INDUSTRIES IN NEPAL

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### Abstract

*Strategy Management is the ideology of effective process of creating, transforming and using resource more effectively. This report indicates to achieve better results through effective management of human resource strategy in organization. As a results that Nepalis Manufacturing Industries are more innovative and achieve better performance if they consider Strategic Management. Strategic Management suggests for diagnosis the change, introduce change and evaluate change in change process. However, small statistics, small coverage area of manufacturing concern, and opinion of officer level staffs, area of strategic only price and advertisement are the main limitation of this report. Key words- Strategy Management, Human Recourse, Manufacturing Industries, Effective Management.*

### Introduction

Nepal continues to be a predominantly agricultural economy with around three fourth of its workforce employed in the agricultural sector. The manufacturing sector employed just 6.6 per cent of the total workforce. The contribution of manufacturing to total GDP was a minimal 6 per cent in 2013. However, expansion in the manufacturing sector, both in terms of size and productivity, can aid Nepal in alleviating poverty, generating gainful employment and accelerating economic prosperity as it has done in the other newly developing countries. This is because the manufacturing sector offers - in comparison to agriculture - greater opportunities for- technological progress output growth, productivity and capital accumulation transfer of surplus resources, if any, from agriculture to manufacturing economies of scale, and positive spillover effects To capitalize on these opportunities, Nepal needs to put in place appropriate policies and strategies. However, the development of the policies and strategies cannot take place in an information vacuum. They call for access to reliable and timely information on manufacturing establishments. One way of generating the required information is conducting the census of manufacturing establishments (CMEs). The CME does not only benefit policymakers and planners but also entrepreneurs, academicians and other non-government organizations and civil societies.( Source- Development of Manufacturing Development in Nepal, Government of Nepal, National Planning Commission, 2014)

Recent days, manufacturing concerns are facing important challenges, so every firm operates and adopts competitive strategic plans to link between intellectual resources and capabilities. Due to the intense global competition, the most important managerial context for investing in and promoting the use of strategic management is the corporate sector. Increasing ideology is the factor to recognize as the most strategically important resource and learning capability for business. Now days, organizational strategy power has been stored in several ways, including human minds, documents,

policies, and procedures, and shared among individuals through such means as conversations, training, apprenticeship programs, and reports. So, right now, Strategy Management is not a new phenomenon. However, the importance of Strategy Management has grown considerably in recent times.

### **Rational of the Study**

In recent days, companies are changing their traditional approach in manufacturing concern. The business environment is rapidly changing since 1980s and it open up a new chapter of challenges and opportunities change in the business environment require new business objectives, systems and strategies to meet the challenges of 21st century needs and demands. The growth of manufacturing sector in Nepal is little poor compare to other sectors in the country. The economic reforms initiated by the government more than one and half decade ago have changed the landscape of several sectors of the Nepalese economy including the manufacturing industries.

Manufacturing sectors are unable to expand their feasibility as the expectation level of stakeholder. During the 1980s, the government gave priority to industries such as lumber, plywood, paper, cement, and bricks and tiles, which made use of domestic raw materials and reduced the need for imports. The Industrial Policy 1992 made radical changes to the licensing requirements and created an environment favorable for increased private investment.

With the enactment of Industrial Enterprises Act 1992 along with the Foreign Investment and Technology Transfer Act of 1992 (FITTA), amended in January 1996, manufacturing investment with 100% foreign ownership was permitted in all industries with the exception of those that were important from the strategic, public health and environmental point of views. The acts also ensured repatriation of foreign direct investment in convertible currencies.

In 2010, a new Industrial Policy was introduced that replaced the 18-year old Industrial Policy 1992. It promises easy exit to the investors, recognizes subcontract manufacturing, promises tariff protection to local industries with high value addition, incorporates intellectual property protection provisions, and emphasizes employment creation and poverty reduction. Ensuring balanced industrial growth, backward linkages, protection and state-support to the industries are some of the key objectives of the policy.

Thus, a manufacturing sector must be sure to sustain their position in the competitive market by strong strategies. So to be the best and to sustain in the market, human resource through Strategy Management is the effective tools for upgrading the quality and capability. Strategy Management indicates the gap of understanding management policy with business strategy for performance and competitiveness

### **Objectives of the Study**

The objectives of this research study are :

- To identify decision taking process
- To compare between modren taking process
- To determine impacts of strategic decision.

### **Limitation of the Study**

The following are some of the likely limitations of this study :

- The constituents of best strategic management used in this study may not be equally applicable in all organizations.
- This study will be based on cross sectional data which fails to show the time lag effects of the variables under study.
- This study is confined to manufacturing sector only. It is therefore, the finding of this research may not be applicable in other sectors.

### **Literature Review**

Most of researcher mentions about the strategic management as successful business tools. Among them Wit,B.& Meyer,R (2010) state that strategic management dominated by a strong industry receipt that: limits the number of perspectives presented; use an overly simplistic step by step strategic planning approach; reworks original materials into consistent and bite-size pieces of text; and leans heavily towards the authors own domestic context in terms of the choice of perspectives, theories, examples and cases.

Miller,A.(1993) state that, any glance through the management literature of the last decade or two shows the prominence of 'strategic management' and 'strategy'. The two, although not synonymous, are often considered as such. Strategic management is the name of an academic field of study; strategy is the main topic of study. A small number of review articles have attempted to create some organization to the heterogeneity of the field.

Hamermesh (1986) defined strategy management is the determination of the business or sectors in which a company will compete and allocation of different resources among those business and sectors.

As well as, Andrews (1987) state that strategy management is the pattern of decisions in a company which determines, shapes and reveals its objectives, purpose and goals; which produce the principles policies and plans for achieving these goals; which defines that the company intends to be in, and the sort of organization that it intends to be in pursuit of this.

### **Methodology**

Companies involved in this study are mainly Nepalese manufacturing Sectors. Basically primary data are used for the study and information collected from officer level of staff. The survey involves comparison of two major manufacturing sector (i) Noodle manufacturing concern and (ii) Biscuits manufacturing concern each sector firms (out of total 5and 7) companies of noodle and biscuits respectively are randomly selected.

**Table 1 : Using Strategy Management in Decision Making Period**

Particular	Organization			
	Noodle Base		Biscuit Base	
	No	%	No	%
Using strategy	5/5	100%	6/7	85.71
Not using strategy	-	-	1/7	14.39
Total	5	100%	7	100%

In overall, all manufacturing concerns are seriously applied the concept of Strategic Management on the period of decision making although Biscuit base organization are not giving more concern to follow strategy in the period of decision making. Impact of not applying strategy in decision making period is the result of suffering from loss in long term period of business.

**Table 2 : Topic Wise Strategy in Decision Making Period**

Factor	Organization							
	Noodles Base				Biscuits Base			
	Strongly followed	Partially followed	Ignore	Total	Strongly followed	Partially followed	Ignore	Total
On price	4	1	-	5	5	2	-	7
On advertisement	3	2	-	5	3	2	2	7
Total	7	3		10	8	4	2	14

In comparison, Noodles base organizations are forward in terms of making excellent strategic decision rather than biscuits base organization. Because of above table shows Biscuits base organizations are not carried down 100% performance in price and advertisement factors. These organizations are not serious to follow the strategic idea to apply in the level production of finished goods. Results show that they are even interested to take decision in traditional approach system. But in the case of Noodle base organization, they realized the importance of Strategic Management in modern era for their success business behavior. Above table also shows that Noodle base organizations feel the importance of strategy and seriously applied the decision making policies. Both price and advertisement are taken as the integral part of business and concern it on decision making period by Noodle base organization.

### Result of the Study

This study attempts to build up strategic relationship between price, advertisement and overall policy for organization in Nepalese manufacturing concern. When Concept of strategy is launched in Nepalese business, then traditional approach of management is slightly being written off. Introduction of Strategy Management and its dimensions make it easier for Nepalese Organizations and their management body to focus their attention towards the target. Factors such as price and advertisement are the essential parts of the Strategic Management and they are seriously considered by the Nepalese organizations. Price is the factor of profit and advertisement focus higher level of sales such are highly achieved when overall policy of Strategic Management is in practices.

In Nepalese concern, price and advertisements determines the graph of whole scenario of business. if product are easily reached with customer in appropriate price at any time it is symptoms of strong strategic management policy, which is seriously taken by Nepalese manufacturer but the findings of the study shows that general status of the practices of Strategy Management in the Nepalese manufacturing industries are good but not excellent.

### Discussion and Conclusion

This report has mainly used two basic competitive tools price and advertisement to explain the relationship between Strategy Management and overall business policies in Nepalese manufacturing industries. Applying this measurement model could give further insights. An interesting point is that there is strong correlation between price and advertisement. One explanation for this could be that the small sample size accidentally did not contain an example for this combination of both alternatives. Strategic Management prior to making strategic change, issues relating to change, organizational readiness and capability to change, identify the force for change, identify managerial and workforce and motivations for change and determination of fixed target. Moreover, Strategic Management suggests for diagnosis the change, introduce change and evaluate change in changing process.

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