

Indian Multinational Strategy: **Introduction & General Perspectives** Amar KJR Nayak[©]

Session 1:

The title Indian Multinational Strategy has three distinct terms, viz., Strategy, Multinational, and India. Here 'strategy' refers to firm's long term organizational purpose, process and path. The purpose, processes and paths are largely determined on the resource bases and technological capabilities of the firm. Further, it refers to the internal management of resources and capacities and the firm's relation with the externalities of market, economy and society. 'Multinational' refers to the expansion of the firm from its domestic market to other markets outside its national boundaries. In other words, multinational refers to the operation of the firm in more than one nation. 'Indian' connotes the group of large developing countries that have been undergoing economic-political-social transformation under the impact of the dynamic forces of capitalism; globalization.

The mainstream literature on strategy emphasizes that **performance** of a firm's strategy depends on how a firm assesses its strengths and weaknesses and then strategises to respond to the opportunities and threat in the environment where it is based. Here the firm is seen to adopt an environmental deterministic approach. However, the empirical evidences and assessment of firms that have had explosive growth in the recent years in India and also of firms from emerging economies of China, Russia, and Brazil seem to provide an alternate explanation.

The mainstream literature on strategy also suggests that the **performance** of the firm is due to the managerial competence and the way they make use of the internal resources and capacities. The various means of resource and competence accumulation either through mergers, acquisitions, capital generation, privatization of public assets, liberalization of the regulations, etc., are seen as given and the managers of the firm use them as stimulus to determine their paths and processes. The role of the owners, the extended actor-network of the owners and the board members of the firms have not been fully captured.

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While normal growth could be explained through the literature of strategy and performance using the two factors viz., the environmental deterministic approach and the employed managerial talent of the firms, the explosive growth of firms in India and other developing countries does not appear to fit the explanation. This compels us to examine if the approach of large firms have been positivist and whether there are other external actor-network of large owners/proprietors of the firms who drive the explosive growth of firms in India during the last about two decades.

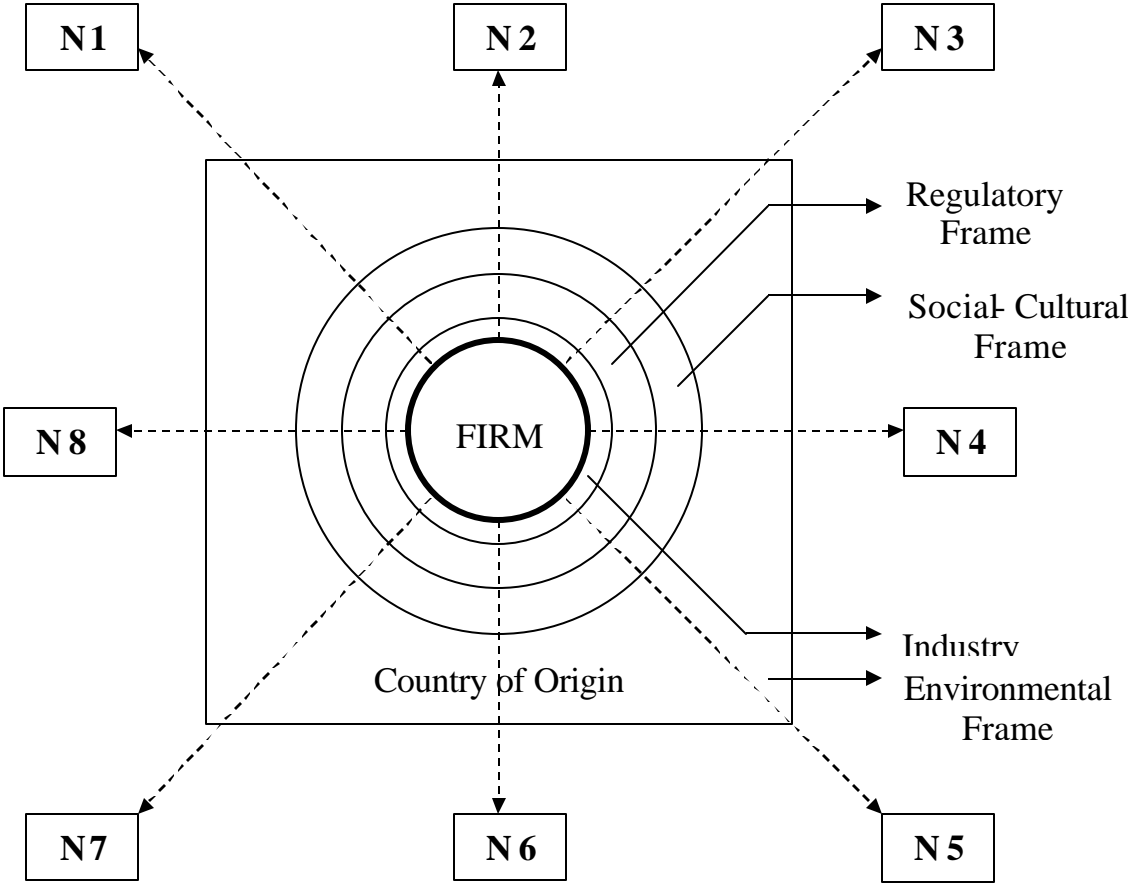
Success in domestic market has largely been observed as the driver for international expansion and the multinational activities of firms. In the Indian context, we also find that the largest firms within the domestic market are the ones have increased their multinational activities. These large firms have also been the largest earners of **foreign exchange** in India. Therefore, it may wise to understand the growth processes of these large firms within India to understand the internationalization processes of these Indian firms.

The current context of globalization in transforming economies like India provide a unique opportunity to observe the growth patterns of firms in quick forward mode which has not been the case of the traditional multinationals from the industrially advanced countries and that the Indian cases provide a live case analysis not far in the history as in the case of the traditional multinationals. Understanding the strategies for growth and high performance of the Indian firms would probably provide clues to the general growth pattern of firms in the history of capitalism and industrialization process.

From the above perspectives arises a key **hypothesis** around which the understanding of Indian Multinational Strategy has been developed. The hypothesis for the explosive growth of Indian multinationals is the successful engagement of the owners and the extended actor-network of the key owners and the board members of the companies with the regulatory and policies making systems of India and the international agencies that have been driving the process of globalization. The successful engagement of the firm with the environment including the political-social-economic environment means the engagement that lead to promote the profit and growth objectives of the firm. **Figure 1.0** provides the different zones in which a firm engages in and highlights the zone of

analysis in Indian Multinational Strategy that possibly is the cause for the expansion of the boundary of the firm.

Figure 1: Firm Boundaries, its Expansion of Influence & Growth



N1- N8: Nations