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CORPORATE POLITICAL MANAGEMENT: STRATEGIC VISION

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ABSTRACT

Business Environment is dynamic nature and factors influencing this environment keep on changing thus influencing the business strategy of organizations. The variety of factors indicates that the business policy should be dynamic and flexible to changing environment and to plan the policy, strategy accordingly. The purpose of the management of any organization is to lead and motivate the employees of the organization toward the accomplishment of the organizations objectives and goals. Strategic political management refers to the set of strategic actions that are planned and enacted by firms to maximize their economic returns from the political environment. Strategic Management is a way in which strategists set the objectives and proceed to attain them by implementing decisions by directing the organizations towards future objectives and goals. Therefore business strategy is the ability to foresee these changes and to modify the strategy accordingly. Strategic management goes beyond the development of a strategic plan; it also includes the pre-planning and strategic planning processes. Strategic management is the proper implementation of the strategic plan and measurement, evaluation of the results. It is the responsibility of senior leadership to strategically manage the organization. Strategic management is a continuous process rather than a one-time event. Therefore, the senior leaders must become strategic thinkers and leaders of the organization and its culture, changing it as necessary.

Keywords: Business environment, Dynamic, Strategic management, Political management.

INTRODUCTION

Strategic political management refers to the set of strategic actions that are planned and enacted by firms for purposes of maximizing economic returns from the political environment. Strategic political management enhances a firm's potential to improve its performance or competitive advantage. It provides overall direction to the enterprise and is closely related to setting goals and formulating a strategy to achieve it by considering the factors influencing the organization and its environment. A well conceived mission statement defines the fundamental, unique purpose that set a company apart from, other firms of its type and identifies the scope of the company's operations in terms of products including services offered and markets served. It may also include the firm's philosophy about how it does business and treats its employees. It puts into words not only, what the company is now, but what it wants to become in the future. Some people like to consider vision and mission as two different concepts a mission statement describes what the organization is now; a vision statement describes what the organization would like to become. We prefer to combine these ideas into a single mission statement. Executive leadership is directing of activities toward the accomplishment of corporate objectives and goals. Executive leadership is important because it sets the tone for the entire corporation. Chief executive officers with a clear strategic vision are often perceived as dynamic and charismatic leaders. Leadership is an interpersonal relationship and process of influencing, by employing specific behaviors and strategies, the activities of an individual or organized group towards goal setting and goal achievement in specific situations. Management, in contrast refers to the co-ordination and integration of resources through planning, organizing, directing and controlling to accomplish specific work related goals and objectives. For instance, the positive attitude characterizing many well known industrial leaders such as Mukesh Ambani and Anil Ambani at Reliance, Bill Gates at Microsoft, Rattan Tata at Tata Industries. They are able to command respect and to influence strategy formulation and implementation because they tend to have three key characteristics. The CEO Articulates Strategic Vision for the corporation. The CEO envisions the company not as it currently is, but as it can become. The new perspective that the CEO's vision brings to activities and conflicts gives renewed meaning to every one's work and enables employees to see beyond the details of their own jobs to the functioning of the total corporation. The CEO presents a role for others to identify with and to follow. The leader sets an example in terms of behavior and dress. The CEO's attitudes and values concerning the corporation's purpose and activities are clear cut and constantly communicated in words and deeds. The CEO communicates High Performance Standards but also shows confidence in abilities to meet these standards. No leader ever improved performance by setting easily attainable goals that provided no challenge. The CEO must be willing to follow through by coaching people. Communication is key to the effective management of change. Rationale for strategic changes should be communicated to workers not only in newsletters and speeches but also in training and development programs.

Corporate Political Strategy in Organisation

Corporate political activities are used to influence corporations, trade unions and government policy in ways favourable to the firm, across countries to gain benefits. The successful firms will tend to view political environments as opportunity sets, within which they face choices about what objectives to pursue and how to pursue them in a way that best serves the firm. Framing political strategy as an opportunity set, rather than a set of constraints, suggests that firms may actively seek value from government interaction or seek to protect the value they possess, rather than accepting the inevitability and potential disadvantages or costs of government influence. Corporate political activities take a variety of forms, including direct campaign contributions, joining and supporting trade associations, lobbying to influence elected officials, hiring of former public officials, advertising to move public opinion, and grassroots advocacy promotions. Lobbying has long been the dominant form for political participation by corporations and other interests. The dominant academic view for the last 20 years is that companies undertake political activity to secure advantages for themselves, based on a combination of opportunity and necessity. Their incentives to do so are clear, given that modern governments influence national economies in ways that affect the sales and returns of particular industries and companies. The political sector of the environment presents actual and potential restriction on the way an organization operates. Strategic management is concerned, with making decisions about an organizations future direction and implementing those decisions. Basically, strategic management can be broken down into two phases; strategic planning and strategy implementation. Strategic planning is concerned with making decisions with regard to defining the organizations philosophy and mission. Establishing long term and short term goals, to achieve the organization's mission and selecting the strategy to achieve its goal. Strategy Implementation of formulated strategy is concerned with making decisions with regard to developing an organizational structure to achieve the strategy, ensuring that the activities necessary to achieve the strategy are effectively performed, monitoring the effectiveness of the strategy in achieving the organizations objectives. Long term objectives specify the results that are desired in pursuing the organization's mission and normally extend beyond the current fiscal year of the organization. Short term objectives are performance targets, normally of less than one year's duration, that are used by management to achieve the organizations long term objectives. As organizations objectives depend on the particular organization and its mission. Although objectives can vary widely from organization to organization, normally they can be categorized as profitability, service to customers, clients or other recipients, employee needs and well being, social responsibility. Ideally, organizations objectives should be compatible with its culture and should match its strengths to opportunities, minimize threats to the organization, eliminate weaknesses in the organization. They should also support the organization's mission and need to be established for every area of the organization where performance and results directly influence the survival and success of the organization.

Analysis of Corporate Political Activities

Economic theory has proposed that irrespective of the area / country in which a company functions, whether local or a subsidiary of a multinational corporation, management must adjust to the modalities, patterns in which business are made here, to the type of relationships between business and political activity is acquired or captured by industry and used for its benefit through direct subsidies and control over entry, prices, and the rules that determine substitutes. Corporations and policy makers exchange incentives / inducements, such as votes and political contributions for favourable public policy in order to maximize respective self-interests. Like public interest theory, this perspective has tended to treat business as a single coalition, but the intent of public policy is not to correct market failures but to transfer favours that are supplied by policy makers and demanded by industry, it is designed for industry's benefit and all industries with sufficient political power will seek to manipulate the state and obtain governmental favours. At a collective level, the key challenge of an organization is influence the policy makers and concerned trade unions by acting collectively and in exchanging inducements for favours in a political context. Company managers must give special attention to these activities of political system and state organization in the country /area. The nature of the relationships between business and the political factors in one country or another does not fit exactly into a model. But these facilitate the understanding of phenomena and will start from here in on our comparative analysis of the situations the corporations are dealing with in relation to the state and to the politicians in various parts of the world.

Establishing Objectives

The entire organization is to have the objectives "cascade" down through the organizational hierarchy. The steps involved in the objective setting process begins at the top of the organization with a statement of mission, long term objectives are then established from this statement, and long term objectives lead to the establishment of performance targets (short term objectives) for the overall organization, long and short term objectives are then established for each strategic business unit, major division, or operating unit within the organization, long and short term objectives are then established for the functional areas (marketing, finance, production within each strategic business unit, major division, or operating unit, the process continues on down through the organizational hierarchy. It merely ensures that the objectives of individual units within the organization are in phase with the major objectives of the organization and that the entire objective setting process is coordinated.

Financial Objectives

Objectives are the end results of planned activity. Objectives can be expressed in both quantitative and qualitative terms. In both cases, they should be detailed enough so that the organization's personnel can clearly understand what the organization aim to achieve. The qualitative and quantitative objectives for company are to achieve and maintain a position of leadership in the businesses in which we compete, to be a positive force that enhances the interests of our customers, associates, suppliers, investors, government and the public at large, to be an attractive investment for our shareholders and creditors, and for the purpose, to achieve a return on equity in the top quartile of major competitors for the company as a whole and for each operating division, to achieve consistent growth in earnings at a rate required to meet or exceed the return-on-equity (ROE) objective, to maintain consistency and growth in dividend payout through increased earnings, to maintain a capital structure that will assure continuing access to financial markets so that we can at reasonable cost, provide for future resource needs and capitalize on attractive opportunities for growth, to ensure that financing objectives governing the amount, composition and cost of capital are consistent with and support other corporate objectives. The finance function provides the financial resources necessary to implement strategy. Changes in strategy often involve adjustments to financial policies, product and market development strategies. A change in strategy will raise sources of long term and short term financing available to support the new strategy. How will the change in strategy affect the company's standing with suppliers of capital? How will the change in strategy affect the cost of capital? Does the new strategy change uses of funds in such a way that new sources of capital are needed? Is dividend policy appropriate for the new strategy? Additional questions for organizations with international operations include are sources of local funding available and properly developed for non-domestic operations? How will the strategy be affected by currency depreciation and/or inflation? How can overall tax be minimized? How should that transfer of profits from foreign subsidiaries to headquarters be handled for optimum capital structure? Financial operating strategies with longer time perspectives guide financial managers in long-term capital investment, use of debt financing, dividend allocation, and the firm's averaging posture. Operating strategies designed to manage working capital and short-term assets have a more immediate focus. The below figure highlights some key questions financial strategies must answer for successful implementation.

Key functional strategies	Typical questions that should be answered by the functional strategy.
Capital acquisition	What is an acceptable cost of capital? What is the desired proportion of short-and long-term debt; preferred and common equity? What balance is between internal and external funding? What risk and ownership restrictions are

	appropriate? What level and forms of leasing should be used in providing assets?
Capital allocation	What are the priorities for capital allocation projects? On what basis is final selection of projects to be made? Operating mangers without higher approval can make what leveled of capital allocation?
Dividend and working capital management	What portion of earnings should be paid out as dividends? How important is dividend stability? Are things other than cash appropriate as dividends? What are the cash flow requirements; minimum and maximum cash balances? How liberal/conservative should credit policies be? What limits, payment terms, and collection procedures are necessary? What payment timing and procedure should be followed?

Long term financial strategies usually guide capital acquisition that priorities change infrequently over time. The desired level of debt versus equity versus internal long term financing of business activities are a common issue in capital acquisition strategy. The timing and amount of cash inflows and outflows are shown by a projection called a cash budget. Cash budgeting assists in strategy implementation by showing what cash needs are involved in implementing a new or adjusted strategy. Cash budgets are done on a monthly or even weekly basis. If flows are volatile or seasonal, cash budgets for more stable situations may cover longer time periods. In certain strategies considerable functional expertise in finance is necessary. Diversification through acquisition requires the ability to evaluate another company using publicly available financial data. In organizations that compete globally, international funds management is a key factor in maintaining profits against currency shifts. Objectives should not all be financial. It is important that some objectives set measures that relate to the fundamental nature of the business and to meeting customer and stakeholder needs.

SUMMARY

The key purpose of leadership and management is to provide direction, gain commitment, facilitate change and achieve results through the efficient, creative and responsible deployment of people and other resources. In this modern world, in spite of a growing interest in the reasons and motivations that impel firms to formulate corporate political actions, the organizational and strategic management literatures have paid limited attention to strategic political management as a source of value creation. Firm relations to government have been viewed primarily as a cost or an institutional constraint on firms rather than a set of opportunities for leveraging firm's strategic assets and competencies to earn economic rents. The broader literature on corporate political action and business government relations has also paid less attention to the effectiveness of firm-level strategies and outcomes than to the reasons firms engage in political activity and the macro influences of public. The political and competitive environments are becoming more dynamic, firms operating in changing political environments may need to develop capability path in managing political action that reflect the pace and complexity of contemporary political and competitive environments. The political environment of firms can be viewed as a political marketplace in which firms engage with policy makers to execute political strategies that exploit valued dynamic capabilities most likely to generate firm advantages that are costly for competitors to follow. The identification of firm specific strategic assets and capabilities that best predict the likelihood of political management effectiveness encourages a more long-term focus and commitment to building appropriate political approaches

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