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Strategic Management in Nepal

Case Studies of Private Companies and Non-Governmental Organizations

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ABSTRACT

Strategic management is widely believed to be a core management practice that accounts for organizational sustainability and success in the competitive environment. Using eight short case studies of several private companies and non governmental organizations (NGOs), this study examined the extent to which Nepali managers understand and adopt strategic management as commonly practiced in the western world. The findings suggest that while senior managers in many organizations have started to think and act strategically, they differ from the western model of strategic management. Much remains to be done in order for them to thoroughly understand and adopt the strategic management perspective so that they create advantages and outperform competitors in the global market. Based on the findings, the paper discusses important managerial implications for improving strategic management practices in Nepal.

A central theme of the strategic management perspective is that an organization achieves sustained success only if it has an astute, timely strategic game plan, revises its strategies according to changes in the environment and the organization's situation, and implements its strategies with proficiency (Hambrick & Fredrickson, 2001; Kim & Mauborgne, 2002; Porter, 1996; Schendel & Hofer, 1979). Cauwenbergh and Cool (1982) described strategic management as the most critical element in managing organisations because it explains success and survival to a large extent. In today's business environment the only constant is change, requiring organizations to effectively adapt their strategies, systems, products, and cultures to the changes taking place in their environment (Waterman, 1987). Strategic management is a senior management perspective as it deals with organization-wide priorities and resource allocation decisions, provides an overall direction for the entire organization, and provides a basis for different business functions to work together to pursue the organization's key goals and priorities and achieve long term success (Pearce II & Robinson, 2005).

In Nepal some emerging private corporate business houses have increased their strategic orientations due to the fast changing environment affected by both the 11 year political conflict and increased competitive pressures. Similarly, the international non-government organizations (INGOs) and large non-government organizations (NGOs) have been practicing some aspects of strategic management mainly derived from international practices. However, significant segments of private and public sector businesses lack a strategic orientation and are less focused on long term growth objectives (Pant, 2007). The practices of strategic management in Nepalese organizations have not been studied. Therefore, it is not known if strategic management practices in Nepal are similar to those in western countries or have some unique characteristics of their own.

Hussey (1990) stated that the complexity of a national culture plays a significant role in strategic management practices in organizations. Supporting this, Haley and Tan (1996) argued that strategic decision making in Asia is significantly different from that in the west. The reasons for this difference in decision making styles is ethnicity and culture (Hofstede, 1993), the personalities type of the decision makers (Haley & Stumpf, 1989), and the information void in the Asian business environment. This has led to a unique strategic management style in major firms in South East and South Asia; one that is characterized by entrepreneurial initiatives, ad hoc and reactive practices and highly personalized idiosyncratic leadership as well as the use of limited environment scanning, a trust and loyalty based rapid decision making style and paternalistic management (Haley & Tan, 1999). Western theorists and managers tend to identify these characteristics as poor management. Henderson (1979) argued that the customary managerial habits in organizations based on intuitive and experienced based management philosophy were grossly inadequate due to the accelerating rate of change in the business world which require decisions that are strategic.

There is not much research-based insight available about the strategic management in Nepali organizations. This paper examines strategic management practices in Nepal with a particular focus on two sectors which are said to be practicing strategic management: private companies (for profit) and non-governmental organizations (usually not for profit). We take an in-depth case study approach to examine the following questions:

1. Whether and to what extent managers in Nepal understand the fundamentals of strategic management?
2. Which aspects of strategic management are common among the organizations studied?
3. To what extent do the managers believe that the use of the strategic management perspective provides benefits to their organizations?
4. What challenges do managers face in their attempts to pursue the strategic approach in managing their organizations?

We present the cases we studied and compare and contrast strategic management approaches within sectors of for-profit companies and for non-profit non government organizations and across the sectors. First, we provide a brief overview of strategic management as emphasized in the literature and practiced by organizations in developed economies such as the United States and Europe. Then, we provide detailed descriptions of the cases we studied in Nepal. The case descriptions will try to parallel the description of strategic management provided in the preceding section. Next, we compare and contrast case studies and highlight similarities and differences across organizations. We also discuss how well the perspectives and practices of strategic management in Nepal fit with those of developed economies. Finally, we provide specific recommendations to managers and encourage them to adopt a proactive and strategic approach to managing their organizations.

OVERVIEW OF THE STRATEGIC MANAGEMENT PERSPECTIVE

Strategy is a pattern of decisions, commitments, and actions undertaken by an organization to improve its competitiveness and demonstrate superior performance by doing different things and/or doing the same things differently from competitors (Hambrick & Fredrickson, 2001; Kim & Mauborgne, 2001; Porter, 1985). To achieve a competitive edge, organizations need to find a unique position in the industry;

however, there is no ideal position, so companies can use different approaches. Operational effectiveness (doing the same thing better) is not strategy because it does not provide relative advantage over others, as the best practices are imitated by others (Porter, 1996). Therefore, applied in the context of for-profit companies, a company could achieve superior or above average performance when it has unique and innovative products/services and sells them at a premium price or produces products/service more inexpensively than rivals. Strategies that are based on resources and capabilities that are unique and difficult for competitors to imitate are likely to be the source of above-average performance (Barney, 1991; Prahalad & Hamel, 1990).

Though the top management gives final approval for strategic decisions, strategy making is a participative decision making process involving a team comprising of the CEO, product managers and heads of functional areas. While the planning staff usually gathers the information for strategic decisions, many organizations go through an interactive process among various hierarchical levels by conducting strategic management meetings to foster good communication and feedback throughout entire process. The participatory and interactive process empowers employees, generates ownership of strategies by the people who execute them, and contributes to the decentralization of strategic management (David, 2005).

An organization's realized or actual strategy is often a combination of intended strategy (implementing what was planned) and emergent strategies (pursuing unforeseen opportunities and responding to changes in the environment) (Mintzberg & Waters, 1985). Therefore, a company's strategy is typically a blend of a. proactive actions on the part of managers to improve the company's market position and financial performance and b. reactions to unanticipated developments and fresh market conditions. Crafting strategy therefore involve stitching together a proactive /intended strategy and then adapting it as circumstances surrounding the company's situation change or better options emerge – a reactive / adaptive strategy. Therefore, industry environments characterized by high velocity change require companies to adapt their strategies rapidly (Thomson, Strickland & Gamble, 2005).

In large companies strategies exist at many levels. Corporate level strategies relate to the ways in which a diversified corporation gains a competitive advantage through the selection of a mix of businesses competing in several industries or product markets. The key concern is to create superior value by making business units perform better under a corporate umbrella rather than as stand-alone organizations. Business level strategies are concerned with a single business unit and are reflected in a pattern of commitments and actions designed to provide value to customers and gain a competitive advantage by utilizing organizational resources and competencies in specific product markets. Functional strategies relate to the pattern of actions and priorities of various business functions such as marketing, human resources, and finance. Smaller firms have two levels: corporate/business and functional (Pearce & Robinson, 2005).

In general, two perspectives or models exist regarding how organizations create above average returns: the Industrial Organization (I/O) model and the Resource Based View (RBV). The I/O model suggests that organizations need to first assess the external environment (especially the industry environment), select an industry with high potential for above average returns, and develop strategies as indicated. According to this model, internal resources and capabilities of the organization should be developed based on the external environment. Ohmae (1982) noted that strategic analysis is the starting point of strategic thinking which intends to bring about the most favourable conditions accompanied with realistic responses to changing situations. Johnson and Scholes (1988) and Graig and Grant (1993) define the strategic analysis process as one that comprises an external analysis such as the industry situation analysis and a competitive situation analysis, and internal analysis (company situation analysis). These analyses are required to formulate and implement the best strategies in uncertain business environments (Courtney, Kirkland & Viguerie, 1997). Therefore organisations need to develop competency in strategic thinking in order for them to conceive and implement creative and coherent strategies (Christensen, 1997). Their readiness for change will determine how well a particular strategy is formulated and implemented (Redding & Catalanello, 1994). Consequently, organisational competencies and resources should be different from those of competitors and matched appropriately to environmental opportunities, which are the basis for competitive advantages (Ansoff, 1965; Andrews, 1971 and Thompson & Strickland 1987). There should be relationships between one’s corporate strategy, structure and economic performance. Porter (1980, 1985) stressed that the strategies developed through external analysis and matched with the external competitive forces can provide significant benefits to organisations.

In contrast, the RBV model suggests that the primary basis for strategy and superior returns are the internal resources and capabilities of the organization (Barney, 1991; Wernerfelt, 1984). Companies need to develop resources that are valuable, rare, non-imitable, and non-substitutable and craft strategies that will help to utilize current resources and to develop new ones. Grant (1991) and Craig and Grant (1993) noted that a firm's resources and distinctive capabilities are a foundation for its strategy. The use of internal resources and capabilities as the basis for developing strategy rests upon two premises: first, resources and capabilities are heterogeneously distributed among firms or firms differ in their resource profiles; and second, internal resources and capabilities that are unique, valuable, rare, and difficult for competitors to imitate help create competitive advantages and above average performance.

The successful firm is a bundle of somewhat unique resources and capabilities. If a firm's core capabilities are scarce, durable, defensible or hard to imitate, they can form the basis for sustainable competitive advantage and surplus profit, provided they align well with the key success factors of the industry (Barney, 1991; Schoemaker, 1992; Hall, 1993; and Peteraf, 1993). Mintzberg (1987), Prahalad and Hamel (1990), Grant (1991), and Kay (1993) claim that a firm should develop its own resources, skills and strategy in order to sustain its competitive advantage over competitors. Furthermore, the competitive advantage derived from unique and rare resources will depend on the extent to which the resources help the firm reduce the cost structure or help to produce differentiated products compared to the competitors. In recent years, an organization's ability to learn in advance of its competitors and use its knowledge in strategic decision making has been argued to be a very important source of competitive advantage (Gnyawali & Stewart, 2003). The ability to learn and leverage knowledge provides competitive advantages because knowledge is often complex, tacit, and embedded in products and organizational practices making it difficult for competitors to copy.

Both the externally driven (Industrial Organizational) and the internally driven (Resource Based View) perspectives of strategic management suggest that firms must adapt strategies according to changes in the environment. Firms are faced with continuous changes in the environment and to survive, a firm must learn to overcome these changes by focusing on developing its human resources (Rothwell & Kozanas, 1989) and empowering them to learn and better understand the changing environments (Gnyawali & Stewart, 2003). Therefore, it is important to motivate the human resources and improvise the politics and cultures of organisations and the desires of individuals working in them to face uncertainty and embrace change.

The central thrust of a company's strategy is to undertake moves to build and strengthen the company's long term competitive position and financial performance (Thomson, Strickland & Gamble, 2005). Lynch (1997) stated that strategic management is driven by the objective of maximising an organisation's profitability in the long term in a competitive market. However, the notion of superior financial performance is not pertinent to most not-for-profit organizations. Instead they engage in an analysis of stakeholders' (any individual or entity that impacts or is impacted by what the organization does) needs and expectations and set their goals and priorities in order to meet the stakeholder needs and serve their targets better. Bryson (1988) suggests that the nature of organizations in the nonprofit or public sector prevents exact duplication of the private sector strategic planning process. More numerous stakeholders, conflicting criteria for performance assessment, public accountability, and the social service nature of nonprofit organizations tend to make such replication difficult (cf. Chlala et al., 1995). Webster and Wylie (1988) and Wolch and Rocha (1993) found that pressure from an external source (e.g., parent organization, major funding source) plays a key role in the use of strategic planning. However, as in for profit organizations, formalization and sophistication of strategic planning in non profit organizations is found to be positively related to size (measured by attendance, dollar contributions, new membership) and growth (i.e., large and growing churches tended to be more formal planners) (Odom & Boxx, 1988, Webster &Wylie 1988), age of the organization (Dart et al. 1996 and Stone1989), staff size, budget, and degree of staff professionalism (Wolch & Rocha, 1993).

Large organizations tend to have formal strategic management. Nevertheless, the degree of formality of strategic management is positively related to the costs, management styles, complexity of the environment, the production process, the problems and purpose of the planning system, and the stage of development of the organization. Therefore, smaller organizations tend to be less formal, more intuitive and limited in scope and to follow an entrepreneurial mode of strategic management whereas very large firms will have more formalized planning processes. Mid-sized organizations in a relatively stable environment are likely to have an adaptive mode of strategic management (Mintzberg, 1973).

Generally, strategic management can be divided into two key aspects: strategy formulation and strategy implementation. Formulation of strategy involves a thorough analysis of both external and internal environments. The external environment includes general or macro environmental factors, industry conditions, and competitor environments. The internal environment includes the company's internal resources and capabilities such as knowledge, technology, physical assets, manpower, and capital. Implementation of strategy involves developing and refining organizational factors that help support the strategy and put it into practice. This includes design of organizational structure, human resource systems and practices, organizational culture, and coordination and control systems. Based on the perceptions of its environmental opportunities and threats and internal strengths and weaknesses a firm will consider different strategies and implementation approaches. Firms follow proactive strategies during strategic planning which is followed by reactive strategies to adapt to the changing environment.

The process of strategic management involves the following key aspects: a. analysis of the external and internal (organization) environment; b. formulation of long term strategic direction (vision, mission, objectives, and strategies); c. implementation of strategies; d. on-going monitoring of performance; and e. taking corrective actions based on environmental changes and performance outcomes. Therefore, the key functional characteristics of organizations that have strategic management is communication of their strategic direction throughout the organization, employing a proactive approach to management (trying to create and exploit unique advantages), and allocating resources to create new avenues (markets, customers, products, processes, etc.) in addition to implementation of the abovementioned process. Similarly, the organizations should develop structure, systems, style and culture aligning with the strategy, and top management team should spend a substantial portion of their time on the strategic management process. However, organizations may have varied nature, process and degree of formal strategic management system across the sectors and sizes of the organizations.

CASE STUDIES OF STRATEGIC MANAGEMENT PRACTICES

In analyzing strategic management practices in Nepali organizations, we used case study method. A total of eight cases were studied covering for-profit and not-for-profit organizations. In the cases studied, we attempted to investigate the managers' understanding of strategic management, the processes managers used to formulate and implement strategies and the obstacles managers face and how they deal with them.

We followed the following steps in preparing the case study. We prepared a set of interview questions based on the current literature (as summarized above). Depending on the responses received, we probed further to make sure that all relevant information was generated. The field study was carried during the year 2005 and 2006. A "story" about each organization's approach to strategic management was created based on these interviews. Thus, every organization interviewed provided a unique story. Based on the responses from various managers and resulting case descriptions, we were able to compare and contrast the approaches of each organization and prepare summary tables. A few overarching conclusions about the practices of strategic management in Nepal were drawn from these information. The comparison allows for an exploration of the extent to which Nepali organizations match western perspectives and practices of strategic management. The case studies are summarized in Table 1 (private companies), Table 2 (NGOs), and Table 3 (comparison of both sectors).

Case 1: Lalitpur Finance Company

Lalitpur Finance Company is a small growing private company with 15 employees and an annual turnover of almost Rs. 800 million with an investment of Rs. 33 million. The company is currently doing well with an annual profit amounting to Rs. 25 million despite having intense competition with banks and financial companies of different sizes. Managers of the company said that the company delivers its services in a different way than many others. It provides quality services by serving its customers within 10 minutes, locating offices in areas with ample parking space, and educating customers on banking and financing issues. In addition, they claim that they are paying dividends to the stock holders and offering personalized services that satisfy customers' demands for banking services.

Lalitpur Finance was established at the time when big banks had difficulty managing their growing deposits leading them to stop accepting saving deposits of less then Rs.100,000. Consequently, the company stepped in to rescue clientele not served by other banks i.e. clients with small saving deposits.

The Managing Director says that strategic management is a game plan to direct the company towards achieving its goals. Such management is required for the company to differentiate itself from competitors. All the senior managers use the strategic management perspective, encouraging their employees to do their jobs well and efficiently. In this company the Managing Director prepares strategic plans. A vision statement has been developed: *Anchored in values, driven by effective/efficient employees, and emphasizing partnership. Lalitpur Finance Company aims to be a leader in professional financial solutions with a global perspective*.

The entire staff of the company meets regularly. Each department head furnishes a monthly report about process innovation in the departments. The department heads review both customer complaints and compliments in these meetings. Strategies are evaluated as well as communicated to all the staff. A team consisting of the Managing Director and department heads also conducts a business analysis using extensive SWOT (strengths, weaknesses, opportunities, and threats), BCG (Boston Consulting Group) matrix, and analyses of competitive forces. The company pays continuous and keen attention to the external environment including economic and social development indicators, the political situation, and legislation. It also has relationships with central bank employees. The Managing Director evaluates long term plans, and modifies these plans on the basis of the environmental analyses. He spends almost 80 percent of his time in strategic management while the managers and department heads spend 30 percent and 20 percent respectively.

A major obstacle to the implementation of strategic management of the company is the lack of conviction in the usefulness of their strategy given the need to comply with the guidelines issued by the central bank. Small deviations in compliance may lead to heavy penalties for the company.

However, the company has achieved excellent outcomes. For example, the company is ranked 5th among the finance companies in Nepal, has collected a deposit base of Rs. 650 million and surpassed the performance of many competitors. When other finance companies entered the market they collected deposits of more than Rs. 10 million in their first day of business. This company did not collect even half of that after three months of its establishment. “We were in the state of strategic coma”, recalled the Managing Director. The company challenged the market by offering the highest interest rate in addition to a gold coin as a gift for every Rs.200,000 deposit. Although this company was regarded as employing a “stupid” strategy by other financial institutions, it eventually attracted many of those depositing Rs.200, 000 resulting in increasing popularity. Today, the company claims to be the lowest interest rate provider but still commands a large portion of the market share.

Case 2: Nepal Snacks

Nepal Snacks manufactures and markets instant noodles of different varieties. It is a growing company with annual sales of Rs. 120 million and an investment of Rs. 30 million. The company has around 150 employees. The company occupies 44 percent of the market share in the Nepali instant noodle industry despite having strong competition with three large competitors and several smaller ones. Although the company has better production facilities contributing to the manufacturing of better quality, more hygienic, and better tasting noodles, it has not been able to differentiate its products in the eyes of consumers. Therefore the company initiated many unique consumer promotion campaigns and used competitive pricing and strong customer relationships and distribution networks to gain the impressive market share within the five years of its establishment in a market previously dominated mainly by a single noodle company. The company also started product differentiation by launching a totally new product in the market patented by its parent company in Thailand. The company is planning to introduce more new products in coming days.

The marketing department plays a crucial role in coming up with ideas to differentiate products and establish marketing strategies with the active support of various departments as well as outside research firms. The company informs its sales staff about the differentiation and trains them to effectively communicate with the customers.

According to the company, strategic management is a game plan to strengthen its competitive position, satisfy customers, and achieve performance targets. Strategic management is a systematic tool to answer three questions: Where are we now? Where do we want to go? How will we get there? All the senior managers prepare the answers to these three questions every year. Top management reviews these proposals and approves them. Written, well-stated and framed vision, mission, objectives, and strategies for the company are displayed in walls of every department. These strategies are developed by top management in consultations with all departments. Departmental heads prepare their objectives and strategies in consultation with their subordinates. These objectives and strategies are reviewed and revised periodically in management meetings throughout the year. The company has a well developed process for situational analyses, generation of alternative strategies on the basis these analyses, obtaining approval for their plans from top management, implementing their strategies and plans, and evaluating their implementation.

The company pays continuous attention to the external environment especially focused on competitors. Senior managers also evaluate vision, mission, objectives and strategies periodically to update them or refocus their implementation according to the external environment. Generally about 30 percent of the senior managers' time is spent on strategic planning, monitoring, and evaluation.

The company seems to be proactive in creating and using its unique advantages and allocating its resources to create new markets for the growth and development. The management team has been busy capturing market share through the application of unique marketing strategies in which they have been successful. They recently expanded production capacity and are planning to allocate more resources to create new markets for further growth. The company hires fresh, young people who are easily assimilated into the organizational norms.

Case 3: Bank of Kathmandu

Bank of Kathmandu is one of 17 commercial banks and 62 financial institutions offering banking services in Nepal. It is a growing company with about 150 employees and is one of the top banks providing financial services.

It is different compared to its competitors. It has the highest public participation (58 percent) in investment in the banking sectors. Its geographic focus is in the far western development region and has its branches in all development regions. It is the only private bank to have such a focus. Its technology enables the bank to provide banking services to anyone anywhere in Nepal. It serves the general public as it requires a low minimum balance (Rs. 1000) for depositors’ thereby serving customers not served by others. It also offers on-line banking. It is trying to create an image of a bank as an essential service for day to day life. Such differentiation delights customers, provids first mover advantages, and diversifies risks. Its differentiation strategy is communicated to employees through meetings and briefings. As a result, it has increased its customer base three-fold, achieved brand popularity, and does not have to spend much on advertising.

It establishes targets and goals, mobilizes resources to achieve results, reviews its achievements periodically, and takes corrective action. Its management information system provides up to date information to all employees through the intranet. The Executive Committee meets every week, managers meet every month, and branch managers meet every three months. In these meetings problems are corrected in a timely manner. "Such kind of management (strategic planning, and monitoring and evaluation of the strategies) has enabled the bank to remain competitive", a director of BOK said.

The process of strategy formulation begins with scanning for opportunities and threats and capitalizing on the organization's strengths. The bank has written vision and mission statements, and written objectives finalized by the Managing Director three years ago in consultation with the Executive Committee. Every year the Managing Director fixes a target for operating profits as well as targets for each department. Then, each department reviews and revises their targets and spells out their strategies to achieve these targets. Targets and strategies are finalized through a series of management meetings. Normally this process is completed in the three months prior to the start of the new fiscal year. Therefore, senior managers use a strategic management perspective to formulate strategies, prepare plans, and carry out continuous monitoring and evaluation in a participative manner. The external environment is monitored continuously. Attention is also paid to competitors' moves, new products, and emerging technologies. While the vision and mission statements prepared three years ago have not changed, annual goals and strategies are constantly reviewed and updated.

Senior management spends about 90 percent of time for strategic management tasks. All the concerned departments are involved in the process of planning, implementation, and revision of the strategies. A coordinator is appointed to coordinate target setting and strategy development for three months every year. The chief operating officer monitors the operational aspects of the plan and the chief marketing officer monitors business related issues. They always look for new markets in unserved sectors. Thus, they are proactive and competitors follow them. "The bank has done very well in terms of profitability, popularity, and customer base", observes the director.

Some interesting illustrations of the bank's proactive strategic approach include the launching of the first ever pre-paid mobile rechargeable card distribution. Although this is not really a banking service, it has helped to attract customers to the bank. They also introduced "*sajilo* bank" requiring only Rs 1000 as a minimum balance to open an account. These initiatives have helped to increase the popularity of the bank and to build a strong brand image and customer base. Such a proactive approach combined with innovative technology has helped the bank perform very well. The director observes, "the senior management of the bank believes that their strategies cannot be imitated by other banks as their competitors have different customer foci, limited technological capabilities and an inflexible organizational set up".

Case 4: Buddha Air

Buddha Air Private Limited is a growing private airline company with annual sales of almost Rs. 300 million and a start up investment of over Rs.600 million. It has around 350 employees. Despite strong competition with two main competitors and several small ones, Buddha Air has captured 43 percent of the Nepali airline industry's market.

Although Buddha Air offers the same products/services as the other airlines do, it is different in that it fleets Beech 1400D and Beech 1400Cs aircrafts which are particularly well suited for the geographic conditions of Nepal. Because of its small planes, it achieves high occupancy rates. It strongly emphasizes customer service, it is reliable, it offers the best prices in the industry, and it has a strong emphasis on safety. Advertisements and promotions include a frequent flyer program. It sends pilots periodically to training programs, and its employees understand that Buddha Air stands for quality and superior service and they work hard to accomplish these goals. It also emphasizes internal efficiency. Consequently, it has a strong brand image and is the market leader in Nepal. It is the airline of choice in Nepal because of its reliability, punctuality, and safety. Officers of UN are strictly advised to fly Buddha Air.

Buddha Air does not seem to have a formal process to formulate and communicate strategies. Everything is done in a top-down manner by the Managing Director of the company. It does not have any formal strategic planning system nor does it emphasize the formal strategic management. It is a family owned business where the Managing Director and the Chairman exercise almost all the decision making power. The Managing Director is the only person in the company who can bring about change.

The Managing Director constantly watches the competition, finds unfulfilled niche markets, and aggressively pursues them. The marketing department is charged with achieving product/service differentiation and has the greatest number of employees. The HR and R&D departments exist, but are not strong. The Airline Management Information System (AMIS) is used for paperless ticketing.

There are no written strategic plans or statements of vision, mission, objectives, or strategies. Buddha Air works on yearly planning basis. They evaluate past achievements and set targets for the next year. They do not do their own research on industry trends and practices but instead use an external research company. The Managing Director is in regular contact with the Department of Civil Aviation and is informed of any changes in government policies.

Despite the lack of formal vision, mission, objectives, or strategies, the company has been quite successful for the past eight years. Buddha Air stands as the leader in most of its markets. Initiatives are made to defend their market share and capture additional market opportunities whenever competitors challenge them. The AMIS system that Buddha Air has provided information regarding competitors' flights, operating costs etc. Under these circumstances, Buddha Air can easily access opportunities and move into new markets.

Case 5: Mahaguthi

Mahaguthi (Craft with a Conscience) is an NGO which deals with production and sales of handicraft products. Annual sales are Rs. 50 million and have grown continuously over the past several years. Despite the growth, profits are stagnant due to intense competition with similar NGOs and private sector enterprises.

The organization appears to be different from similar competing organizations in various ways. It is a fair trade organization. Its image, network, and team are strong. It provides superior services to producers and artisans; it pays very fair prices/wages to the crafts producers; and it offers good quality products to customers. Such differentiation is clearly emphasized in its mission and business approach and the staff is informed of the differentiation through yearly planning and review workshops. The representatives of different departments and producer groups participate and share their knowledge and experiences in these workshops. Monthly producers' meetings are held to discuss key issues. Weekly management team meetings are held for managers to share information and make decisions. Such organizational arrangements have helped Mahaguthi to improve their image, networks, sales, marketing, and new product development. Various functional units such as marketing, human resources, technology, finance, and R&D support the differentiation strategy.

According to the Executive Director, strategic management is a goal oriented management approach. Goals are set and strategies are formulated to achieve those goals. He feels that strategic management helps the organization to stay focused and to prioritize plans. Environmental assessment is one of the key elements in strategic management. Senior managers use strategic management perspectives for planning and monitoring. The organization has written a vision and mission as follows:

Vision: *Create an economically and socially prosperous society based on equity*.

Mission: *Adhering to fair trade values and principles, we provide goods, finance, social and other services as per the expectation of deprived target groups, especially women, to the domestic and international market and other partner organizations.*

Two year strategies and annual programs are developed on the basis of these strategies. Review and planning workshops are organized every year. Representatives from all sections contribute to the review and development of programs for the year. The workshop is facilitated by an external facilitator. A monitoring committee collects and reviews periodic reports from all departments. These strategic plans are communicated throughout the organization through annual workshops, monthly producers meetings, and weekly management team meetings. The head of the department is the key person to communicate strategies and plans to others inside the department and to achieve cross sectional communication and coordination.

The organization pays regular attention to the external environment to develop strategic plans. The following factors are considered: customers' preferences, market trends and demand conditions, competitor assessment, and the macro economic environment. The organization evaluates its performance continuously. Though there is a monitoring committee, a yearly review workshop is conducted so that all employees can participate. The strategic plans are implemented by the organization. More than 95 percent of the plans were achieved successfully last year. Operational calendars are developed by each department and are followed and updated. The organization is proactive in creating and exploiting its unique advantages and allocating resources to create new markets for the growth and advancement by continuous market assessment, aggressive marketing strategies, aggressive product development, and improvements in internal logistic management.

The key obstacles in adopting full-fledged strategic management approach in the organization have been difficulties in motivating people to follow the strategies in a culture where everything is expected to be initiated from the top due to insufficient skill and knowledge to implement the strategic management plans, and insufficient environment assessment. Nevertheless the application of strategic management in the present form has resulted in improved understanding among stakeholders as they participate in the process of developing the strategies and reduced conflict in the organization. As a result business has grown over the years.

Case 6: Room to Read

Room to Read is a non governmental organization operating in Nepal as the country office of an INGO, which provides infrastructure support to government schools by constructing of school buildings, equipping libraries and computer labs. It spends about $700,000 annually in support of these programs in Nepal. The organization has increased the number of projects it undertakes every year and its budget has increased as well. The organization appears to have unique programs by working through local community participants in the implementations of its programs. This approach contributes to understanding the problems and needs of the beneficiaries by working closely with them, enhancing the communities' feelings of ownership of the projects by making them equal partners, mobilizing local resources through the utilization of voluntary contributions of labor, materials and money from the beneficiaries, and rendering the impact of the programs sustainable.

The Executive Director of the organization says that strategic management is an ongoing system in which all the activities of the organization are interlinked with the vision, mission and goals of the organization through performance planning, implementation and evaluation. This system is required in order to achieve the goals of the organization and to create values for its customers and stakeholders.

The head office sets the vision, mission, objectives and strategies common to all the organizations operating in different countries. The organization in Nepal implements their programs according to the strategic plan. This organization has a specific program agreement with the government of Nepal for a maximum period of five years. Therefore, all its programs must be accomplished in accordance with that agreement. In addition, the organization pays continuous attention to the donors' commitment in terms of funding and the security situation in the country while implementing the programs. The head office carries out evaluations of the programs to prepare future strategies. Extensive preparation for strategic planning involving all its country office managers and stakeholders is conducted. External resource persons are used in this process. Once a change in strategy it formulated it is communicated to all the country level organizations including Nepal. All the staff are informed and educated on the guiding principles called “Blueprint of Room to Read.”

The head office is proactive in utilizing its unique advantages and allocating its resources to create new markets for growth and advancement in all the countries where it works. The organization takes immediate action to provide efficient services to its donors and beneficiaries. As a result, it has been successful in expanding its activities in new countries every year and the number of programs in these countries. This organization has received the social entrepreneur organization award from the Fast Company magazine and the Hero of Asia award from the Time Magazine.

Case 7: Adra Nepal

Adra Nepal is a country office of an INGO which has been expanding its programs and the size of its funding. This organization offers quality health services to needy people in the remote districts of Nepal through the mobilization of local community based organizations (CBO) or local non government organizations (NGO) by building their capacity to serve the health needs of the local people. The organization claims that its service delivery system is unique and as a result it has added value to the society in terms of improvements in quality health services and increased sustainability of health service delivery systems. The communities appreciate the services and request that these services continue resulting in increases in funding from donors.

Such differentiation is communicated to the staff through strategic planning meetings, annual reviews and other regular meetings. The organization values staff participation in decision making. The managers believe that strategic planning is very useful in leading the organization toward successful achievement of its current vision and goals.

All the senior managers of the departments, programs, and sections use the strategic management. The organization has written strategic plans which include its vision, mission, objectives, and strategies. The strategies are reviewed every three years. All the senior managers work with their own teams to come up with strategic issues relating to their departments through participatory discussions. Then, all the senior managers come up with the strategic plans for the organization. The final strategies are communicated to all the staff. In the process of developing strategic plans, ideas are collected from the staffs throughout the organization. Experts from within its world wide organizations are also used in this process. The strategic plans are implemented seriously within the organization. The country director and the administrative committee are responsible for their implementation.

The application of strategic management in the past has contributed to the expansion of its programs in to new geographical areas, increased funding from new donors, increased government cooperation in implementing programs, and increasing the capacity of local NGOs / CBOs.

Case 8: Plan Nepal

Plan Nepal is a country office of an INGO. The organization has a mission of making children, their families, and the community better able to address their needs and rights, and to realize their potential. The organization recognizes that children are not the passive recipients of aid rather they are development actors. This perspective is critical to the organization to sustain its long-term objectives.

According to the managers, strategic management is a management technique for formulating, executing, and evaluating strategic vision, strategic policies, and plans. Strategic management helps the organization to identify its short and long term goals to bring positive changes to the society, to develop strategies to respond to these goals, and to bring changes and plans for managing resources to pursue strategies.

The international headquarters of this organization initiated the development of its vision and mission by involving of staff representing different country offices. The document developed by this task force is circulated to all the staff including partner organizations for their comments and feedback. These comments are reviewed by the team and incorporated to the document.

Headquarter coordinates the development of a manual and materials for orienting the staff to its vision and mission, and its unique services. Regional level facilitators are developed through the training of trainers at the international level, and regional level facilitators develop country level facilitators. These facilitators conduct workshops to make all the staff and working partners aware of the mission. Documentation including manuals, brochures, and booklets, web page are distributed to each and every staff member.

Country strategic plans are developed every five years. The staff of this organization and those of its partners hold a meeting to determine the methodology and time table for assessment and strategic planning. Independent consulting groups conduct baseline surveys about family situations including literacy, health, and children as well as program evaluations. A number of workshops at the community and partner levels are conducted to validate the baseline survey and evaluation findings. Secondary information from different sources is used further to validate the findings. A draft country strategic plan is prepared on the basis of the information gathered by the senior managers. The plan is reviewed by the staff of the organization at different levels. A final draft is submitted to the regional office in Asia. After incorporating their comments, a copy is submitted to the international headquarters for approval. Based on the strategy paper, a country program outline is developed as an operational document. The whole process takes about 15 months. The organization has installed a computer based management information system to provide information for monitoring and evaluation of results. Senior managers spend about 5% of their time on strategic management tasks.

This organization pays continuous attention to the external environment mainly for competing for donors' funds at the international level. Therefore, even the country level offices pay attention to what the other similar organizations are doing comparatively better in terms of services and programs to reduce world poverty and gather information to learn about successful programs delivered by other development organizations.

Strategic plans are implemented and followed throughout the organization. The project documents are reviewed at various levels: district, country, region, and global.

The senior managers in the organization believe that strategic management is helpful to achieve superior results for the organization. Application of strategic management has helped the organization to make its country programs focused on the specific needs of its beneficiaries, to effectively negotiate and come up with beneficial agreements with partner organizations in various communities and government and other development organizations, to enhance donors' support, and improve employees' motivation and commitment.

The key obstacle to adopting a strategic management approach is inflexible senior staff who have served the organization for 30 years or more. Financial resources have never been a problem in the organization so far which paradoxically leads to complacent behaviors among the staff and reluctance to initiate creative change. In addition, the present political conflict has restricted the expansion of community development programs. The study also shows that projects are not well monitored during implementation because so many projects are implemented through varied partner organizations.

KEY OBSERVATIONS AND DISCUSSION

Our case studies and discussions with several senior managers in various organizations in Nepal suggest that several organizations have made serious attempts to adopt strategic management. Many engage in regular processes of formulating vision, mission, and strategies, and implement these strategies by mobilizing most parts of the organization. Several organizations pay attention to environmental factors and try to react to changes, while a few make attempts to be proactive. Managers seem to be aware of the fundamental aspects of strategic management. However, much more needs to be done in this regard. We summarize below our key observations based on the case studies cited.

Most companies and managers view strategic management as preparing long term plans (vision, mission, and goals) and distributing/communicating them to various departments and units within the organization. The organizations place more emphasis on preparing annual plans in a participatory approach and monitoring them. This indicates that most organizations view strategic management as mere strategic planning. Strategic plans are prepared to gain competitive advantages and customer satisfaction as most of the case studies cited them as their primary objectives. In the strategic planning exercise they try to inculcate differentiations in their products and services. However, they seem very unclear about how to be unique and truly differentiate these products and services as none of the organizations mentioned about making their strategies inimitable. Therefore, we found that the practice of strategic management is rather weak in the organizations in terms of maintaining differentiation and uniqueness. In such situations, the contribution of these differentiation strategies to the organizations will be short term.

The examples cited by managers are emergent strategies prepared in response to the continuous changes in the environment and competition. Apparently strategic management in Nepalese private firms is more reactive and adaptive. The reasons may lie in the volatile environment in Nepal, which makes it very difficult for managers to do a long-term forecast and plan for the future. Frequent changes in government regulations, internal resource constraints, and family dominance seem to be key obstacles in the implementation of strategy. Information void situation (no reliable sources for comprehensive and up to date business information in Nepal) also impedes the managers from doing adequate and accurate situational analysis following I/O approach as argued by Haley and Tan (1996) who indicated existence of different strategic management styles in Asian firms. Most of the companies studied did not really emphasize internal resources and capabilities as being key to strategic management, suggesting the absence of internal analysis based on the RBV approach. The above mentioned examples also revealed that the strategic plans are not followed by aligning them with the structure, system and culture of the organization.

While we found that though the adoption of the core ideas of strategic management is not complete among the companies studied, these firms are running successfully in Nepal. This stands in contrast to the western view that the absence of strategic management represents a weak management style, which is prone to failure. Though these phenomena have to be confirmed through further research, this study reveals the prevalence of an Asian strategic management style characterized by trust, loyalty, networking and relationship – based, speedy, ad-hoc and reactive strategic decision making (Ghosh & Chan, 1994 and Haley & Tan, 1999). This study further demonstrates the relationship between formalizations of the strategic planning process with the size, age and complexity of the environment of these organizations because there is wide variation among the private companies in terms of their understanding and adoption of strategic management. Buddha Air, for example, does not engage employees in the process of strategic management as most of the company's decisions are made by the Managing Director and the lower level managers are asked to implement these decisions. On the other hand, the rest of the respondent companies are more participatory in their management approach.

NGOs in Nepal seem to be influenced by the strategic management practices of the western world, primarily through their headquarters and international linkages. Yet, their strategic management practice seems to be confined to setting long term goals and direction, continuous execution of the plan, and periodic monitoring and evaluation. Most of the sample organizations prepared the strategic plans following the guidelines of their parent organizations in Western countries. NGOs prepare strategic plans and evaluate them every two to five years. There is no notion of uniqueness and differentiation in non government organizations for gaining competitive advantages. They emphasized more on differentiating from their past practices by improving the methods of delivery of services. They have more formalized strategic planning process. However, they have varied degree of staff involvement in strategic planning process in the country level NGO. For example, smaller organizations follow the strategy prepared by their headquarters and others prepare strategic plans on their own.

Contrary to private firms, NGOs involve external experts in facilitating strategic planning exercise. The strategic plans are prepared in a participatory manner in which staffs and stakeholders are involved and sufficient information are gathered through surveys, workshops and meetings. A significant amount of time is spent for situation analysis and strategic planning. The strategic plan help them in increasing funds supports from donors, expanding programs, increasing cooperation with stakeholders, informing staff, satisfying donors and beneficiaries. These differences in process and focus of strategic management between private firms and NGO indicate that the exact duplication of the private sector strategic planning process is not possible as suggested by Chlala et al (1995). It is obvious that Western style of strategic management has strong influence on NGO strategic management apparently because they are guided by their head quarters in the west.

Similar to private firms, however, NGOs are weak in strategic implementation as they face constant threats from the external environment for example on going conflict in the country. In contrast with private firms they are less reactive, more proactive. Other obstacles include staff who are not confident to implement new strategies.

Overall, strategic management in Nepal appears to be confined to long term planning, goal setting, and the development of action plans to achieve their goals. Private firms consider strategic management as a tool for gaining competitive advantages and customer satisfaction but NGOs consider it merely as a tool to attract more funds and to expand their programs. NGOs have more formal strategic planning processes and adopt proactive approaches than do private firms. But neither sector has strong strategic implementation apparently due to the volatile external environment and insufficient alignment of the strategies with their organization management systems, structures, and cultures.

MANAGERIAL IMPLICATIONS AND CONCLUSION

Based on our case studies, it appears that strategic management in private firms in Nepal is reactive and ad-hoc. The rapidly changing environment and increased competition requires managers and strategic decision makers to be more analytical and foresighted rather than intuitive and reactive (Henderson, 1979). While the political and economic uncertainty in Nepal makes it difficult for organizations to forecast trends and make long term plans, it is imperative that they become more proactive, develop and leverage key resources and capabilities, and discern unique ways to compete and create advantages over their competitors. In order to effectively face their domestic and global competitors, it is important that managers realize the need to have superior resources and capabilities, to base strategies on such capabilities (to be different than competitors), and to aggressively pursue unique strategies that separate themselves apart from competitors. As Hambrick and Fredrickson (2001) suggest, a company’s strategy needs to be based on what is going on in the environment, to exploit internal resources and capabilities, to be different from the competitors, and should be implemented with proficiency. While the implementation of the core ideas of strategic management should be based on the unique conditions of Nepal, we believe that companies in Nepal could benefit from being more analytical, proactive, and holistic in their approach to strategic management.

Based on our case studies and observations, we make some key recommendations to managers. First, it is important that managers think of strategic management as a holistic and on-going process. It involves analysis of both external environment and internal resources and opportunities; determining who you are, what you want to pursue, and how you get there, identifying unique opportunities and developing strategies to pursue them; focusing on developing internal resources and capabilities that will make you better than your competitors, and so on. It should not be seen as just a planning process. While planning is a good start, managers must take their organizations to the next level.

Second, as environmental changes become increasingly rapid and competition becomes more intense, managers must find ways to deal with them and create advantages for their company to outperform their competitors. So, it is important that managers understand the notion of competitive advantage and devise ways to create and sustain advantages. Competitive advantage comes from having a unique strategy (or position) in the industry, developing company resources and capabilities that are valuable (provide advantages to you and your customers), rare (other competitors do not have it or have difficulty getting it), non-imitable (competitors cannot duplicate what you have), and non-substitutable (competitors cannot use something else as a replacement for what you have). Companies could create and sustain advantages when they combine a unique strategy with valuable, rare, non-imitable, and non-substitutable resources they have.

Finally, since a key aspect of an organization's resource is its employees, organizations need to pay special attention to recruit the best (most qualified, talented, and motivated) people, train and develop them, and pay well in order to keep their motivation high. Research has shown that to create competitive advantage, companies need to recruit and retain knowledge based employees and have them share knowledge throughout the organization. Knowledge is a valuable resource that cannot be easily copied by the competitors (Barney, 1991; Gnyawali & Stewart, 2003; Prahalad & Hamel, 1990). So, organizations that have a strong knowledge base and use the knowledge are likely to outperform their competitors. Instead of pursuing a strict top-down approach to strategic management, organizations would benefit greatly by supporting new ideas and initiatives from lower level managers.

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Table 1
Summary of Key Responses from Interviews on private firms

Aspects of Strategic Management	Lalitpur Finance	Nepal Snacks	Bank of Kathmandu	Buddha Air	Overall evaluation (summary of all comparisons)
How senior managers define and understand strategic management and how it is reflected in managers' views	A unique game plan to put the company in the right direction towards achieving desired goals and build competitive advantages	A systematic tool and game plan to run a business by making competitive moves and business approaches to achieve better performance (satisfying customers and achieving intended goals)	Strategic management is about setting of targets and goals and mobilizes resources to achieve the goals.	Strategic management provides direction and path to travel, helps to make sure the path the company is following is the correct one	In general, most managers define strategic management as a game plan and route for achieving long term goals. Only two companies explicitly include gaining competitive advantages and customer satisfaction in their understanding of strategic management. Implicitly, they use strategic management to gain competitive advantages in satisfying customer needs
Extent to which the senior managers use the strategic management perspective or are involved in the process	Regularly involved. The senior managers encourage employees to build strategy to conduct their routine job so that they can accomplish them in an optimized and effective manner. (MBO)	Most of qualified managers know where they are, decide where they want to be, and plan how to get there. Top management reviews their proposals and provides approval with some revisions if required. (MBO)	Senior management formulates strategies, prepares and implements plans, and monitors and evaluates outcomes in a participative manner. Resources are allocated for implementation (MBO)	MD alone brings changes. Annually, he looks at past achievement and sets targets for the next year. Top-down introduction of various marketing and promotion schemes	Employees are empowered to contribute in the strategic management in most of the private firms (except BA) through the management by objective (MBO) system.
Amount of time spent by senior managers in strategic management (strategy formulation and implementation)	The MD spends almost 80% of his time while other managers spend 30% There is no formal committee and team involved in it	About 25-30 percent of the senior management time is spent in strategic management (strategic planning, monitoring, and evaluation of the strategies)	The senior management spends about 90% of their time in strategic management	Not formally in strategic management. MD makes strategies and undertakes important changes	It differs from organization to organization. The senior managers spent 80% to 90% of their time in financial institutions probably because of higher competition and rapid changes in products and services compared to the airline and snacks industries

Processes or specific mechanisms used to develop long term direction or strategic plans and implementing them	The MD prepares strategic plans by reviewing and addressing customer complaints during monthly staff meetings participated by all. In addition, he carries out extensive business analysis every year with the involvement of department heads. (Formal planning sessions and job assignments take place)	Vision and mission are formulated in a participatory manner. The departmental heads with their subordinates prepare departmental objectives and strategies, which are discussed, reviewed and revised periodically in management meetings throughout the year. (Formal sessions and job assignments take place)	Perform SWOT analysis. Every year MD fixes the targets and each department reviews and revises their targets and spells out strategies to achieve them. The targets are finalized through a series of management meetings. Normally this process is completed three months before the start of new fiscal year. Formal process.	No formal meeting and analysis take place in the company. The MD sets annual targets. Surveys conducted using a consulting/research company. Contacts with civil aviation authority to understand changes in government policy. Keep track of all the flights in the industry and expand whenever they see a gap. (Top down, no formal sessions for planning)	Different procedures followed. Goals are prepared every year in most companies through formal sessions and responsibilities are assigned. The firms have well organized planning system. In case of BA, the MD alone determines goals and priorities
Extent to which strategic plans are implemented or followed through	To a great extent.	To a great extent	To a great extent.	Changes suggested by the MD are followed through and implemented.	To a great extent in all the firms
Extent to which the senior managers believe that strategic management is helpful to achieve superior results for the organization	To a great extent. The results are obvious for having better image and financial performance.	To a great extent. The managers believe that the vision sets all the wheels of the organization towards the achievement of set objectives with agreed-upon strategies. Results are greater market share and image.	To a great extent. Strategic management improves image, sales, customer base and financial performance.	To a great extent. Helps to improve market share and image.	To a great extent. They are increased in market share and financial performance
Key obstacles in adopting the strategic management approach	Need to rapidly change strategies/approaches to comply with frequent changes in government regulation	No obstacles in general. Staff’s resistance to change is a problem, so they prefer to bring fresh people to reduce the resistance.	Allocating resources required for implementing new strategies	It is a family held business so the power and authority lies in MD only. Therefore no obstacle is reported.	Changes in regulation, internal resource constraints, and family dominance. One company reported of no obstacle as they hire fresh people and minimize resistance to change

Some best and worst examples based on the applications (or lack of it) of strategic management	The best incident was gaining popularity during initial days.	The differentiation has provided us better way to inform about our product and generated sales through snatching market share.	Launching of mobile recharged card distribution though it is not a banking activity. The initiative help increase the customer base. Introduction of Sajilo bank (only Rs 1000 minimum balance requirement). They all contributed to increase popularity, brand image, and customer base.	Proud of the large market share, market leadership, and image. Most preferred airline due to reliable, punctual and safe air service.	Increased image and market share
Overall findings from the case study	The MD plays an important role in preparing strategies with involvement of employees. Focus is on adaptation with political and legal environment and customers needs. Analysis is done once a year, but strategies are formulated and implemented year around based on customer suggestions. The results are impressive	It empowered employees to formulate the strategies; therefore, time involvement of senior management in strategic management is low. It basically comes up with promotion and marketing schemes around the year to sustain and grow its market share. The results are impressive	Well established system in which the MD fixes the targets in consultation with senior managers. Strategies are made based on SWOT analysis. It also comes up with new strategies around the year to sustain and grow its market share. The results are impressive	The MD sets the targets and formulates strategies based on the surveys, competitor analysis and past achievements. Senior managers are not involved. It is basically one man show business. The result is still impressive.	Strategies are prepared in a regular manner around the year based on regularly emerging opportunities and challenges. The senior managers are usually involved in strategy formulation. Most of them have a formal system for strategic planning and all of them followed strategies throughout the organizations. The application of strategic management resulted in increased market share and brand image

Table 2

Summary of Key Responses from Non Governmental Organizations (NGOs)

Aspects of Strategic Management	Mahaguthi	Room to Read	Adra Nepal	Plan Nepal	Overall evaluation (summary of all comparisons)
How senior managers define and understand strategic management and how it is reflected in managers' views	Strategic management is about setting strategic goals by prioritizing the needs and laying down strategies adaptable to the changing environment to achieve the goals	Strategic management is about setting vision, mission and goals, preparing plans to achieve the goals, and implementing, monitoring and evaluating the execution of the planned activities	It is a long term vision for up to five years, developed by reflecting the past experiences, that determines organization's destination	It is a management process of formulating, executing and implementing and evaluating strategic vision, strategic policies and strategic plan	Well defined as process of setting long term goals and direction, continuous execution of the plan, and periodic monitoring and evaluation.
Extent to which the senior managers use the strategic management perspective or are involved in the process	Involved to some extent in the process of planning and monitoring.	Involved to a great extent.	All the senior managers (department and program heads and section directors) used strategic management perspective.	The senior managers lead the process of preparing strategic plans, and their monitoring and evaluation.	Managers are very involved in strategic management
Amount of time spent by senior managers in strategic management (strategy formulation and implementation)	Senior managers spend about two days in annual planning workshop, couple of days for developing detail plan of actions and other couple of days in evaluation. The strategies are prepared for two years.	About 5% of their time is spent in strategic management, because head quarter prepares the detail strategic plans.	Quite a lot of time is spent on strategic planning during the review of strategies in every three years.	About 5% of the time is spent on planning; monitoring evaluation in every five year	Senior managers spend about 5% of their time in long term planning. The NGOs prepare strategic plan and evaluate them every two to five year period. Since US or Europe based Headquarters' strategies are the basis for these organizations, less time is spent by the country-level management for strategic management issues.

Process of specific mechanisms used to develop long term direction or strategic plans and implementing them	Review and planning workshop held every year with participation of representatives from all departments and stakeholders. This planning workshop is conducted by an external facilitator. Strategic plans are communicated throughout the organization via annual workshops, monthly producers meetings, and weekly management meetings. The monitoring committee asks for periodic reports from all the departments. (Formal sessions through planning workshops and meetings take place and external resource person used)	Head quarter prepares strategic plans following the basic guiding principles which are vision, mission and goals and applicable to all the organizations working in different countries. In addition, head quarter considers donors' commitment in terms of funding and the security situation in the country while implementing the strategies in particular country. Once the change takes place in head quarter level, the same gets down to the country level. (It does not prepare strategic plan in Nepal but implements plans allocated for the country)	All directors or managers work with their team to come up with their own strategic issues using participatory approach. Then the managers formulate the strategies and communicate them to respective departments. The ideas of mid and high level staffs and of external resource persons (within worldwide organizations) are collected and used in this process. (Formal sessions take place and external resource person used)	Stakeholders meetings decide methods and timetable for situation assessment and strategic plan. Base line study and evaluation of past programs are conducted by an independent consulting group. Workshops at community and partners levels conducted to validate the baseline survey and findings. Draft of country plans are prepared and reviewed by all levels and submitted to the regional office for approval. The approved plan submitted to the international HQ.	External experts prepare strategic plans in all the organizations in a participatory manner in which staffs and stakeholders are involved through surveys, workshops and meetings. A significant amount of time is spent for situation analysis and strategic planning.
Extent to which strategic plans are implemented or followed through	Operational calendar is developed by each department to implement the strategic plans and to follow them through. More than 95% of the plans were achieved.	All the plans are implemented unless otherwise any critical circumstances emerge. There is a continuous follow-up and monitoring of the plans and activities.	The strategic plans are implemented seriously in the organization.	Strategic plans are implemented rigorously but monitoring has been difficult.	The plans are implemented and followed through.
Extent to which the senior managers believe that strategic management is helpful to achieve superior results for the organization	To a great extent. The superior results generated from the application of strategic management are improvement in understanding among stakeholders, less conflict	Senior managers believe that strategic management is helpful to achieve superior results mainly to create value to the customers (donors and beneficiaries) which the	Senior managers believe that it is because of strategic management they have been able to expand the programs in new areas, increase funding from new and big	Senior managers believe that strategic management helps to have more focused programs; helps to negotiate with partner communities,	The strategic plan is a means for getting funding from donors, program expansion, increased in cooperation with stakeholders, well informed staff, satisfactions to donors and beneficiaries.

	in the organizations and increased sales volume	organization has been able to achieve in a short period of time.	donors, increase in cooperation with government and increase in building capacity of local NGOs / CBOs.	government, and other donor agencies; and makes employees well informed of the expected results and strategies to achieve them.	
Key obstacles in adopting the strategic management approach	Not well motivated staffs and people to follow the strategies, culture of expecting everything from top, insufficient skill and knowledge to implement full fledged strategic management and insufficient environmental assessment during strategic planning.	Inadequate funding is a major constraint. Other obstacles are unpredictable forces such as continuous strikes and present conflict situation in the country.	There are no obstacles at all in adopting the strategic management in the organization.	Many programs being run by many partner organizations resulting to poor monitoring. Old and senior human resources are too inflexible towards dynamism and changes. The present conflict in the country is another obstacle.	External environment i.e. the on going conflict in the country is a real problem. Internally, the staffs are not competent, responsible, and dynamic to adapt to the new strategies.
Some best and worst examples based on the applications (or lack of it) of strategic management	Use of strategic management led to improved understanding among stakeholders due to a participatory process of strategy development. Conflict is reduced because of improved relationship among the stakeholders, and increased sales volume every year.	Expansion of program areas (district wise and number of programs), improvement in the services, and increased in donors supports. Earned social entrepreneur organization award from Fast Company, USA and Hero of Asia from Time Magazine.	Besides above mentioned program expansion, community appreciation of services and donors confidence on the organization has been improved.	Besides above mentioned improvement, organizational image have been improved. The focus of the program has shifted to impact and long-term sustainability from program delivery for immediate relief.	More funding, expansions of programs, greater acceptance in community are reported as positive results in all the respondent organizations.
Overall findings from the case study	It pursues strategic management just like for-profit businesses as it produces and sells craft products to earn profit to help poor and disadvantaged people. Participatory process for	Head quarter prepares strategic plans and it is followed in Nepal. The program is expanding as a result of the strategic plans.	Comprehensive plans and system of planning is in place. Impressive results are reported	Well developed system in place. Impressive results are reported	All the organizations prepare strategic plans for a two to five year period following a systematic process assisted by external experts. Strategic plans helpful to design and deliver programs and to raise donors' funds. The organizations under

	strategic and annual planning in place. Senior managers spend less time in planning but fully engage in the implementation process. The key obstacles are less motivated and competent staffs. Yet, the results have been impressive.				the INGOs are guided by the strategies of their HQ. Positive outcomes were reported by all organizations in terms of program expansion and more donor supports. The NGO which earns profit through business to serve poor has more business like strategic management.

Table 3

Summary Table Comparing Strategic Management of the Private Companies and Non-Governmental Organizations

Aspects of Strategic Management	**Overall Evaluation of Private Companies**	**Overall Evaluation of NGOs**	**Authors' Overall Impressions**
How senior managers define and understand strategic management and how it is reflected in managers' views	Well defined: game plan, route, for achieving long term goals. Only two companies explicitly expressed gaining competitive advantages and customer satisfaction in their definition of strategic management through they have this motive implicitly.	Well defined as process of setting long term goals and direction, continuous execution of the plan, and periodic monitoring and evaluation.	All the organizations defined strategic management as long term planning, goal setting, and route to achieve the goals. Some private firms consider strategic management as a tool for gaining competitive advantages and customer satisfaction but the notion of competitive advantage is not well understood and pursued
Extent to which the senior managers use the strategic management perspective or are involved in the process	Employees are empowered to contribute in the strategic management in most of the private firms (except in BA) through management by objective (MBO) system.	Managers are very involved in strategic management	Top managers use strategic management in all the organizations. Private firms apply MBO modality to prepare and monitor strategic plans. Senior managers of NGOs are oriented towards very methodological strategic management.
Amount of time spent by senior managers in strategic management (strategy formulation and implementation)	The senior managers in financial institutions spent 80% to 90% of their time in strategic management probably because of higher competition and rapid changes in products and services	The senior managers spend about 5% of their annual time during long term planning. The NGOs prepare strategic plan and evaluate them once in a two to five year period. In addition since US or Europe based head quarters' strategies are the basis for these organizations, lesser time is required for the top management in the country level organizations for strategic management.	Staffs are empowered to prepare their own strategies in most of the private firms. This is not the case exactly in NGOs, the headquarters' strategies are followed by the country level NGOs in the prescribed formats and methods.
Processes or specific mechanisms used to develop long term direction or strategic plans and implementing them	Different procedures followed. Strategies are built every year with annual target setting and around the year too through formal sessions with task assignments to the management team or committees. The firms have well organized planning system. A MD dominant firm (BA) also has full preparation for situation analysis but MD alone determines strategies.	External experts prepare strategic plans in all the organizations in a participatory manner in which staffs and stakeholders are involved through surveys, workshops and meetings. A significant amount of time is spent for situation analysis and strategic planning.	Private firms and NGOs have well organized strategic management system though there are variations. Private firms apply the MBO approach in strategic planning and strategic planning is a year round affair in private firms. Usually a longer time and a larger budget are spent during strategic planning in NGOs and it is a one stop affair in every two to five years.

Extent to which strategic plans are implemented or followed through	To a great extent in all the firms.	The plans are implemented and followed through to a great extent.	Private firms and NGOs implemented strategic management to a great extent.
Extent to which the senior managers believe that strategic management is helpful to achieve superior results for the organization	To a great extent. They are increased in market share and financial performance	The strategic plan is a mean to get funding from donors, program expansion, increased in cooperation with stakeholders, well informed staff, satisfactions to donors and beneficiaries.	Senior managers of private firms believe that the strategic management is a key to increase market share and financial performance. Similarly senior managers of NGOs believe that it is necessary for getting donors' fund, expanding programs, increasing satisfaction to the donors and beneficiaries.
Key obstacles in adopting the strategic management approach	Frequent changes in government regulation, resource constraints and family dominance are the main obstacles. One company reported of no obstacle at all as they have strategic human resource management of hiring fresh people to reduce resistance to change.	External environment i.e. the on going conflict in the country is a real problem. Internally, the staffs are not competent, responsible, and dynamic to adapt to the new strategies.	Frequent changes in government policy, incapable staffs and resources constraints are the obstacle in adopting strategic management approach in private firms. NGOs reported on going insurgency and inflexible staffs as the obstacles.
Some best and worst examples based on the applications (or lack of it) of strategic management	Increased image and market share	More funding, expansions of programs, greater acceptance in community are reported as positive results in all the respondent organizations.	The best results are increase in the market Image and market share in the private firms, and more funding, program expansion and more community participations in NGOs.
Overall findings from the case study	Strategies are prepared instantly as the problems and challenges arise and new opportunities emerged. It is a regular process in all the studied firms. The employees or senior managers are usually consulted and involved in the strategy formulation. They usually have formal system for strategic planning and all of them followed strategies throughout the organization. The application of strategic management resulted in increased market share and brand image in these firms.	All the organizations prepare strategic plans for two to five year period following a rigorous and time consuming methods and process assisted by external experts. The focuses of the strategic plans are delivering programs through community participations and raising donors' funds. The organizations under the INGOs are guided by the strategies of their headquarters. The positive outcomes have been reported by all the organizations in terms of program expansion and more donor supports	Private firms and NGOs have well organized strategic management system in which the strategic plans are prepared through participation of staffs. Strategic management processes of NGOs are comparatively rigid whereas that of private firms are more dynamic and flexible obviously because of competitive situations. In both of these organizations the results obtained from the use of strategic management are impressive in terms of market image, market share and financial performance. More efforts are needed to understand company’s core competencies and use the competencies to appropriately position in the industry so that competitive advantages can be created and sustained