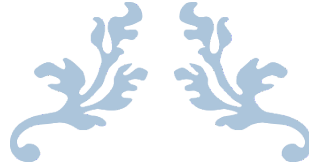




Global Scientific JOURNALS

GSJ: Volume 10, Issue 7, July 2022, Online: ISSN 2320-9186
www.globalscientificjournal.com



KHAADI STRATEGIC MANAGEMENT CASE STUDY



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Khaadi-One of the Leading Brand in Fashion Industry

Introduction and overview of Khaadi

Khaadi is one of the successful and fastest-growing businesses in different parts of the world. In each organization, there is a significant need of implementing an effective strategic management plan because it enhances the chances of success of the business. In this contemporary and innovative world, the use of effective strategic management plans has become enhanced due to the enhanced level of competition in the business field. New entrants are coming into the market and trying to gain success in the market. Therefore, the chances of getting competitive advantages have become reduced, and more effort is needed for this reason. Therefore, it has been found that Khaadi has also implemented an efficient and effective strategic management plan for getting success in the market (Ashraf, 2018).¹

Khaadi is one of the successful Pakistani fashion brands that has started its business in December 1998. There are more than 52 stores of the brands in more than 17 countries of Pakistan, 22 stores of the organization are present in the United Kingdom and different stores throughout the world such as in Mirdiff City Center in Dubai. The first store of the brand was opened in 1999 in Zamzama mall of Karachi. After getting success in the market, the organization becomes able to expand the business in different parts of the country within two years. ASA is a leading architecture brand that is serving as the interior designer for the organization in UAE², UK³, and Pakistan. The products of the business include apparel for men, women, kids to home textiles in both hand-woven and printed fabrics.

¹ Ashraf, S., 2018. CSR in Pakistan: The case of the Khaadi controversy. In Corporate Responsibility and Digital Communities (pp. 247-269). Palgrave Macmillan, Cham.

² UAE(United Arab Emirates)

³ UK (United Kingdom)

Khaadi Strategic Management Process

Internal environment Analysis

Khaadi considered internal environment analysis in the strategic development process for identifying the internal strengths and weaknesses. For this purpose, SWOT⁴ analysis along with other internal environment analysis models such as the BCG⁵ matrix is considered important. The Swot analysis allows the management of Khaadi to identify the core strengths, weaknesses, opportunities, and threats. While the current strengths of the organization are steady market and availability, skilled labor, and effective promotion plans (Babnik, 2014).⁶

These strengths have enabled the organization to gain competitive advantages. The main focus of doing this SWOT analysis by Khaadi is to determine some of the strengths so that the organization can give concentration to this system. Moreover, the effort is also being made to enhance the performance and to increase the performance of the employees because the success of the business is directly linked with the employee's performance (Teoli, 2019)⁷. The organization also becomes able to determine its weaknesses that are holding the organization back in getting success. The current weaknesses of the organization include the high rate of production, low wages of Employees, and an increased rate of competition. The organization needs to improve the wages of the employees so that they can work with motivation as it is needed for the long-term success of the business (GURL, 2017)⁸.

⁴SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

⁵ The Boston Consulting Group (BCG) growth-share matrix is a planning tool that uses graphical representations of a company's products and services in an effort to help the company decide what it should keep, sell, or invest more in.

⁶ Babnik, K., Breznik, K., Dermol, V. and Širca, N.T., 2014. The mission statement: organizational culture perspective. *Industrial Management & Data Systems*.

⁷ Teoli, D., Sanvictores, T. and An, J., 2019. SWOT analysis.

⁸ GURL, E., 2017. SWOT analysis: A theoretical review.

External Environment Analysis

For analyzing the external environment PESTLE⁹, and porter's five forces analysis has considered important. The Pest allows Khaadi to collect political, economic, social, technology-related information. Further political factors such as political stability, rules, regulations, etc are considered important in the strategic development process. The main focus of collecting information regarding these factors by Khaadi is to determine some of the problems that the organization is facing so that they can be solved efficiently.

The economic factor of PESTLE analysis enables Khaadi to collect information about different factors such as the interest of the customers, economic growth of the business wage rates and inflation rates, working hours of the employees within the workplace, credit availability, unemployment based on a local and national basis, and cost of living of the employees and customers so that price of the products can be managed accordingly (Perera, 2017)¹⁰. The information regarding these things is allowing Khaadi to maintain the business so that the rate of growth can become increased and chances of success in both national and international business can become improved which is a major demand of the business in this current era.

9 A PESTLE analysis studies the key external factors (Political, Economic, Sociological, Technological, Legal and Environmental)

10 Perera, R. 2017. The PESTLE analysis. Nerdynaut.

Moreover, the information regarding social factors that have been collected by implementing PESTLE analysis includes cultural expectations and norms, a growth rate of population, health and safety, age distribution because the age of customers is an important factor to determine the demand of the customers, career attitudes, and health consciousness (Ashraf, 2018) ¹¹. These factors are helpful for Khaadi so that the organization becomes able to make a better and more effective plan regarding marketing analytics and the strategy of the business. The porter five forces of Khaadi have provided the opportunity to the organization to determine the competitive environment of the business because the environment of the business is directly related to the success of the organization. Moreover, Khaadi has also collected the information about power and number of competitive rivals, potential new market entrants, customers, and its effects on the profitability of the organization (Achinas, 2019) ¹².

Strategies development

It has been found from the analysis of Michael porter's generic strategies that there are different business strategies that organizations are using in the market, and each organization is focusing on one strategy to become successful in the business. The main purpose of Khaadi for using this business strategy is to enhance the performance of the business that is the major focus of the business. The business strategy that Khaadi is using includes the "Focused Cost Leadership Strategy" that gives different benefits to the organization. The data collected from the research has claimed that the price of the products of Khaadi is less as compared to other brands such as Nishat linen, sana safinaz, and limelight. The major focus of giving less price to the customers is to makethem loyal so that they can give long-term benefits to the organization.

¹¹ Ashraf, S., 2018. CSR in Pakistan: The case of the Khaadi controversy. In *Corporate Responsibility and Digital Communities* (pp. 247-269). Palgrave Macmillan, Cham.

¹² Achinas, S., Horjus, J., Achinas, V. and Euverink, G.J.W., 2019. A PESTLE analysis of biofuels energy industry in Europe. *Sustainability*, 11(21), p.5981.

It has been found that the major goal of the organization in implementing this strategy is to get a dominant market share and make it complex or impossible for other organizations to gain competitive advantages (Basit, 2018) ¹³.

The implementation of a focused cost leadership strategy has enabled the organization to increase the sales rate so that the profit margin can also become increase. Thus it has become clear that Khaadi is getting success in the price war of the clothing brand industry; as a result, the organization becomes able to gain competitive advantages.

Business operations

In the case of a strategic management system, Khaadi has implemented a growth strategy so that the brand can become grow over a significant whit time. For this reason, the organization is practicing new locations, and the number of stores is being increased or growing within budget. The target market of the organization is people from 5 to 50 years who are interested in the fashion industry. The organization is allowing the people to enhance their confidence level by improving their clothing sense, and this strategy is allowing the organization to maintain the business efficiently. The growth strategy is giving various benefits to the business that is the major focus of the business in the market (Velikorossov, 2020) ¹⁴.

¹³ Basit, H.A. and Durrani, U.A., 2018. Rational and emotional factors of customer satisfaction and brand loyalty on J. and Khaadi. *Journal of Marketing*, 23.

¹⁴ Velikorossov, V.V., Maksimov, M.I., Orekhov, S.A., Huseynov, J.E.O., Khachaturyan, M.V. and Kolesnikov, A.V., 2020. Integration as a corporate strategy. *DEStech Transactions on Social Science, Education, and Human Science*, (icpcs).

Conclusion

Thus it has become concluded from the analysis that Khaadi can enhance the performance due to using different strategies. The data from different analyses such as SWOT¹⁵ analysis, PESTLE¹⁶ analysis, and Michael Porter Generic Strategies has made it clear that there are more chances of getting long-term effects of the organization in the future.

Does the business strategy of Khaadi is good enough to enhance the level of business in the international market? Is Khaadi able to maintain its position and gain both short-term and long-term goals in the future market? Would Khaadi be able to manage the online mode of business as it has become major demand of the time?

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¹⁵ SWOT stands for Strengths, Weaknesses, Opportunities, and Threats,

¹⁶ A PESTLE analysis studies the key external factors (Political, Economic, Sociological, Technological, Legal and Environmental)