

Subject: Business Economics

Course: B.A., 6th Semester, Undergraduate.

Paper No: 602

Paper Title: Business Strategy & Ethics.

Unit No.: 3 (Three)

Title: Strategy Formulation, Analysis & Choice.

Lecture No: 1 (One)

Title: Formulating Long-term Objectives and Grand Strategies.

Glossary

Measurable: Objectives must clearly and concretely state what will be achieved and when it will be achieved. Thus, objectives should be measurable over time.

Technological leadership: Firms must decide whether to lead or follow in the marketplace. Either approach can be successful, but each requires a different strategic posture. Therefore, many firms state an objective with regards to Technological leadership.

Public responsibility: Managers recognize their responsibility to their customers and to society at large. In fact, many firms seek to exceed government requirements. They work not only to develop reputations for fairly priced products and services but also establish themselves as responsible corporate citizens.

Profitability: the ability of any firm to operate in the long run depends on attaining an acceptable level of profits. strategically managed firms characteristically have a profit objective, usually expressed in earnings per share or return on equity.

Productivity: strategic managers constantly try to increase the productivity of their system. Firms that can improve the input-output relationship normally increase profitability. Thus, firms almost state an objective for productivity. Commonly used productivity objective are the number of items produced or the number of services rendered per unit of input.

Understandable: Strategic managers at all levels must understand what is to be achieved. They also must understand the major criteria by which their performance will be evaluated. Thus, objective must be so stated that they are as understandable to the recipient as they are to the giver.

Employee development: Employees value education and training, in part because they lead to increased compensation and job security. Providing such opportunities often increases productivity and decreases turnover. Therefore, strategic decision makers frequently include an employee development objective in their long-term plans. Development of Human Resources was an ongoing exercise.

Employee relation: Whether or not they are bound by union contracts, firms actively seek good employee relation. In fact, proactive steps in anticipation of employee needs and expectations are characteristic of strategic managers. Strategic managers believe that productivity is linked to employee loyalty and to appreciation of managers' interest in employee welfare. They, therefore, set objectives to improve employee relation.

Competitive position: One measure of corporate success is relative dominance in the marketplace. Larger firms commonly establish an objective in terms of competitive position, often using total sales or market share as measures of their competitive position. An objective with regard to competitive position may indicate a firm's long-term priorities.