

1. Corporate objective and strategy

- meaning targets which firm adopts in order to achieve its primary aim
- corporate aim is a long term plan from which firms objective are derived
- mission statement are written descriptions of corporate culture. They set out what the firm does and why they do it . They give clues about corporate culture.

5 characteristics of a good statement:

- differentiate from rivals
- defines which market a firm wants to operate in
- relevant to all stakeholders
- excites, inspires and motivates

Functions of objectives

- a clear statement about what needs to be done and achieved
- a means of measuring performance
- examples of objectives profit, cash flow, market share

2. Stakeholder influences on corporate objectives

- people that are interested in the business and will be affected in some way – definition of stakeholders
- stakeholder approach – wants to max profits and increase shareholder value
- internal stakeholders – employees – for example would like fair treatment at work
- external stakeholder – government, community, customers
- corporate social responsibility – now companies manage business processes by taking a considerate view on how it could affect the society

3. Corporate Culture

is the way that a business does things and the way that people in the firm expect things to be done

- four main types of corporate culture:
- 1. *Power culture*: refers to organisations where decisions making authority is limited to a small number of people (autocratic style)
- 2. *Risk culture*: refers to bureaucratic firms where authority is defined by job title. They develop cautious aims and objectives (paternalistic)
- 3. *Person culture*: refers to loose organisations of individual workers, usually professional partnerships (laissez-faire workers make own decisions and get on with by themselves)
- 4. *Task culture* - place on emphasis on tasks and getting things done (democratic style) with delegation of responsibility. Team work on tasks need the responsibility to make their own decisions and the freedom to organise themselves in the way they think best and in order to meet firm's objectives
- *Barrier to cultural change* – because of the culture and values the firm has fear that workers will become stress, out of comfort zone, worried about pay and conditions, developed good working relationship can be tarnished.
- *Strong or weak culture* – strong means staff understand and respond to culture and consistent behaviours portrayed
- weak – inconsistent behaviour, little alignment with business values

4. Corporate Strategy

- how a firm achieves its objectives
- Porter's Strategy = came up with the idea of firm strategy – Porter put forward a theory of competitive advantage. It is based on the idea that all firms to gain advantage they can do the following techniques: