Εθνικόν και Καποδιστριακόν Πανεπιστήμιον Αθηνών

Διοίκηση & Διαχείριση Οικονομικών Μονάδων & Οργανισμών
Υποενότητα 4ΙΓ: ΣΤΡΑΤΗΓΙΚΟ ΜΑΝΑΤΖΜΕΝΤ

Διάλεξη 2
Διεθνές Στρατηγικό Management

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ΘΕΜΑΤΑ

- Έννοια του στρατηγικού management.
- Βασικές στρατηγικές των επιχειρήσεων.
- Διαδικασία του στρατηγικού management.
- Επίπεδα διεθνών στρατηγικών.

Διεθνές στρατηγικό Management

Το Διεθνές στρατηγικό management είναι μια περιεκτική και εξελικτική διαδικασία σχεδιασμού που έχει σκοπό την εκπόνηση και εφαρμογή στρατηγικών που καθιστούν μια επιχείρηση ανταγωνιστική διεθνώς.

Διεθνείς στρατηγικές

- Οι διεθνείς στρατηγικές δίδουν απάντηση στις παρακάτω ερωτήσεις:
  - Ποια προϊόντα ή υπηρεσίες σκοπεύει να πωλεί η επιχείρηση;
  - Πού και πως θα κατασκευάσει τα προϊόντα αυτά;
  - Πού και πως θα θα τα πωλήσει;
  - Που και πως θα αποκτήσει τους απαραίτητους πόρους για τις παραπάνω διαδικασίες;
  - Πως θα αντιμετωπισθούν οι ανταγωνιστές της επιχείρησης;

Διεθνείς στρατηγικές

- Οι διεθνείς επιχειρήσεις μπορούν να εκμεταλλεύονται τρεις πηγές ανταγωνιστικών πλεονεκτημάτων (που δεν τις έχουν οι εγχώριες επιχειρήσεις:
  - Ολική – παγκόσμια αποτελεσματικότητα (Global efficiencies)
  - Πολυεθνική ευελιξία (Multinational flexibility)
  - Παγκόσμια εκμάθηση (Worldwide learning)

Εναλλακτικές στρατηγικές

- Οι πολυεθνικές επιχειρήσεις υιοθετούν μια από τις 4 εναλλακτικές στρατηγικές για επιτύχουν τους τρεις στόχους (global efficiencies, multinational flexibility, and worldwide learning):
  - Στρατηγική εγχώριας επανάληψης (Home replication strategy/Export Strategy)
  - Πολλαπλή εγχώρια στρατηγική (Multidomestic strategy)
  - Ολική στρατηγική (Global strategy)
  - Πολυεθνική στρατηγική (Transnational strategy)

Στρατηγική εγχώριας επανάληψης (Home Replication/Export Strategy)

- Η επιχείρηση χρησιμοποιεί το βασικό της πλεονέκτημα που ανέπτυξε στην εγχώρια αγορά, στις ξένες αγορές που εισέρχεται. Δηλαδή επαναλαμβάνει αυτό που κάνει καλά στην εγχώρια αγορά, στις ξένες αγορές.

Πολλαπλή εγχώρια στρατηγική (Multidomestic Strategy)

- Η πολυεθνική επιχείρηση λειτουργεί σαν μια συλλογή σχετικά ανεξαρτήτων θυγατρικών η κάθε μία από τις οποίες συγκεντρώνεται σε συγκεκριμένη εγχώρια αγορά. Κάθε θυγατρική καθορίζει ελεύθερα τα προϊόντα της, την στρατηγική μάρκετιγκ και τις τεχνικές παραγωγής που ικανοποιούν τις ανάγκες των τοπικών καταναλωτών.

Ολική στρατηγική (Global Strategy)

- Η πολυεθνική επιχείρηση θεωρεί τον κόσμο σαν μια ενιαία αγορά και ο βασικός στόχος της είναι η δημιουργία τυποποιημένων αγαθών και υπηρεσιών που ικανοποιούν τις ανάγκες των καταναλωτών σε παγκόσμια κλίμακα. Η global strategy είναι ακριβώς η αντίθετη στρατηγική από την multidomestic strategy.

Πολυεθνική στρατηγική (Transnational Strategy)

- Η πολυεθνική επιχείρηση συνδυάζει τα οφέλη της global strategy με τα οφέλη και τα πλεονεκτήματα της multidomestic strategy.

Ανάπτυξη διεθνών στρατηγικών (Developing International Strategies)

- Στάδια ανάπτυξης διεθνών στρατηγικών:
  - Σχηματισμός στρατηγικής (Strategy formulation)
  - Εφαρμογή Στρατηγικής (Strategy implementation)

Σχηματισμός στρατηγικής (Strategy formulation)

- Στον σχηματισμό στρατηγικής η επιχείρηση καθορίζει τους στόχους της και το στρατηγικό σχέδιο που θα οδηγήσει στην επίτευξη των στόχων αυτών. Στον σχηματισμό διεθνούς στρατηγικής οι managers αναπτύσσουν, εντοπίζουν και συμφωνούν στις αγορές που θα εισέλθουν (ή θα αποχωρήσουν) και στους τρόπους που θα χρησιμοποιήσουν στον ανταγωνισμό στις αγορές αυτές.

Εφαρμογή Στρατηγικής (Strategy implementation)

- Στη εφαρμογή στρατηγικής αναπτύσσει τις τακτικές για να επιτύχει τις διεθνείς στρατηγικές που έχει ήδη σχεδιάσει.

SWOT Analysis (1)

Με την ανάλυση SWOT (SWOT analysis) η επιχείρηση εντοπίζει τα δυνατά σημεία της, τις αδυναμίες της, τις ευκαιρίες και τις απειλές που αντιμετωπίζει (*strengths*, *weaknesses*, *opportunities*, and *threats)*.

SWOT Analysis (2)

SWOT provides a general summary of the Strengths and Weaknesses explored in an analysis of strategic capabilities, and the Opportunities and Threats explored in an analysis of the environment.

INTERNAL ANALYSIS = ***STRENGTHS***
WEAKNESSES

EXTERNAL ANALYSIS = ***OPPORTUNITIES***
THREATS

Uses of SWOT analysis (1)

- Major **strengths and weaknesses** are identified using the analytic tools

- SWOT can be used to examine strengths, weaknesses, ***in relation to competitors***.

- Focus on strengths and weaknesses that differ in *relative* terms compared to competitors and leave out areas where the organisation is at par with competitors.

Uses of SWOT analysis (2)

- Key ***opportunities and threats*** are identified using the analytical tools.
- Focus on opportunities and threats that are directly ***relevant*** for the specific organisation and industry and leave out general and broad factors.
- Finally, ***summarise the results*** and draw concrete ***conclusions***.
- SWOT can be used ***to generate strategic options*** – using a **TOWS matrix**.

The TOWS matrix

		Internal factors	
		Strengths (S)	Weaknesses (W)
External factors	Opportunities (O)	**SO Strategic options** Generate options here that use strengths to take advantage of opportunities	**WO Strategic options** Generate options here that take advantage of opportunities by overcoming weaknesses
	Threats (T)	**ST Strategic options** Generate options here that use strengths to avoid threats	**WT Strategic options** Generate options here that minimise weaknesses and avoid threats

Dangers in a SWOT analysis

- Long lists with ***no attempt at prioritisation***.
- ***Over generalisation*** – sweeping statements often based on biased and unsupported opinions.
- SWOT is used as ***a substitute for analysis*** – it should result from detailed analysis.
- SWOT is ***not used to guide strategy but*** is seen as an end in itself.

Επίπεδα διεθνούς στρατηγικής (Levels of International Strategy)

- Οι διεθνείς επιχειρήσεις αναπτύσσουν στρατηγικές σε τρία χωριστά επίπεδα εντός της επιχείρησης:
  - Corporate
  - Business
  - Functional (λειτουργική)

Corporate Strategy

- Η Corporate strategy προσπαθεί να ορίσει ο πεδίο όπου η επιχείρηση σχεδιάζει να λειτουργήσει. Η επιχείρηση μπορεί να υιοθετήσει τρεις τύπους corporate strategy:
  - Απλή επιχειρησιακή στρατηγική (Single business strategy)
  - Σχετιζόμενη διαφοροποιημένη στρατηγική (Related diversification strategy)
  - Μη Σχετιζόμενη διαφοροποιημένη στρατηγική (Unrelated diversification strategy)

Business Strategy

- Ενώ η corporate strategy ασχολείται με την γενική οργάνωση, η business strategy συγκεντρώνεται σε συγκεκριμένες θυγατρικές ή ορισμένες μονάδες εντός της επιχείρησης. Οι δύο βασικοί τύποι της business strategy είναι:
  - Διαφοροποίηση (Differentiation)
  - Ηγεσία κόστους (Overall cost leadership)

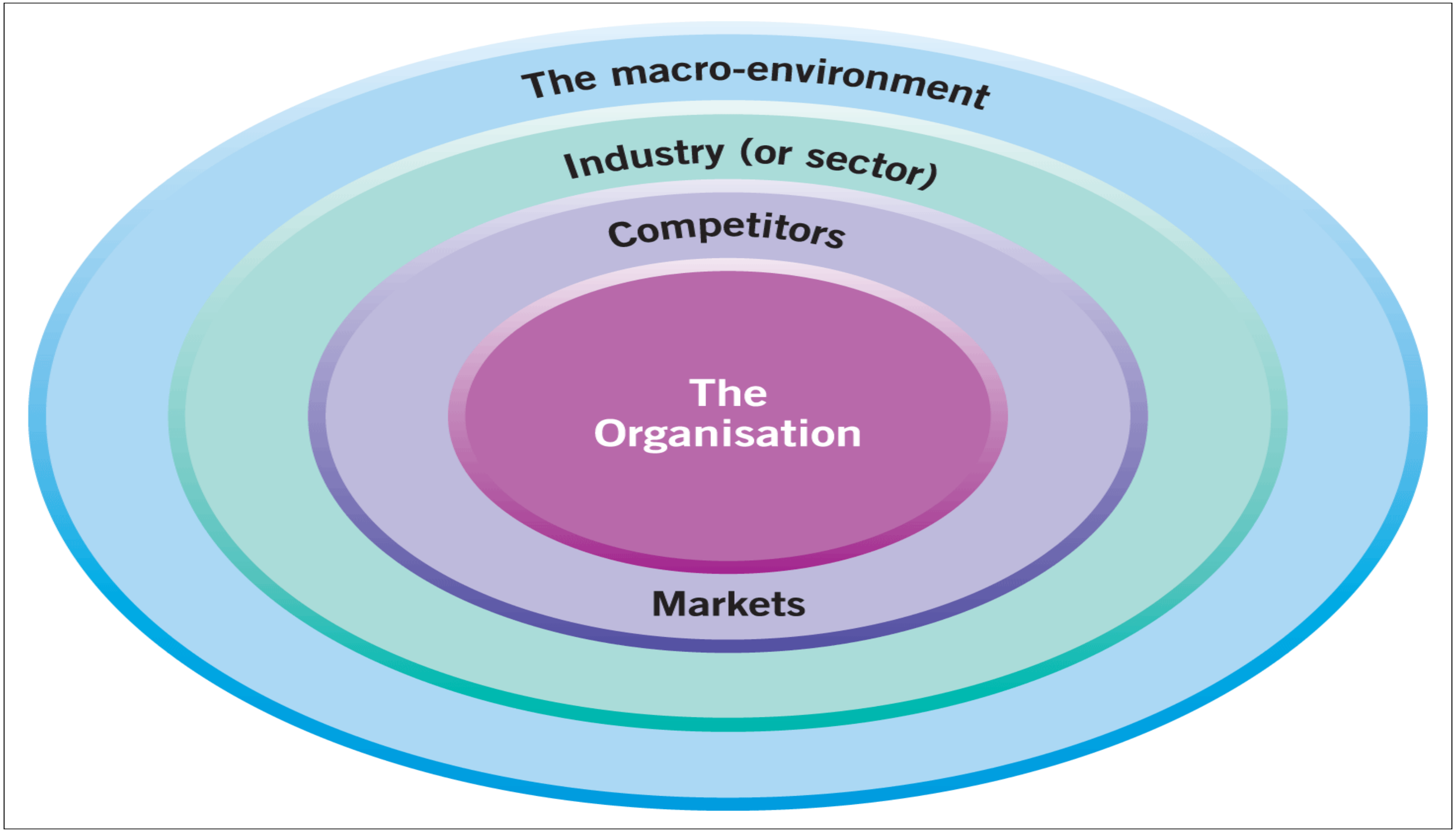
Functional (λειτουργική) Strategy

- Οι Functional strategies προσπαθούν να δώσουν απάντηση στη ερώτηση “Πως θα διαχειρισθούμε τις λειτουργίες της χρηματοδότησης, του marketing, των ανθρώπινων πόρων της έρευνας και της ανάπτυξης με τρόπους που είναι συνεπείς με τις διεθνείς επιχειρησιακές στρατηγικές που έχουμε επιλέξει;”

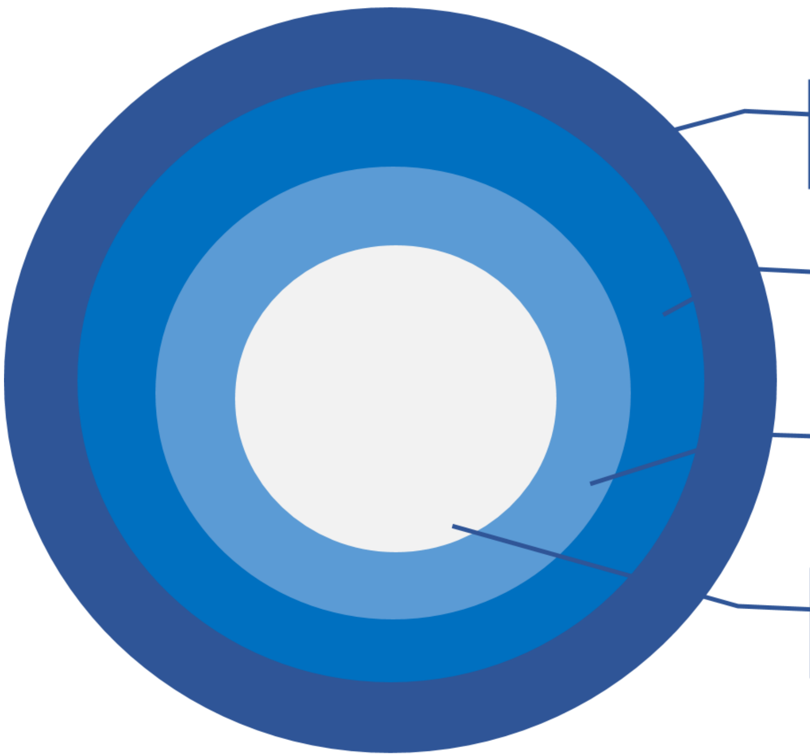
Συνήθεις λειτουργικές στρατηγικές (Functional Strategies)

- Χρηματοδοτική στρατηγική (Financial strategy)
- Στρατηγική Marketing (Marketing strategy)
- Στρατηγική λειτουργιών (Operations strategy)
- Στρατηγική ανθρωπίνων πόρων (Human resource strategy)
- Στρατηγική έρευνας και ανάπτυξης (Research and development strategy)

Layers of the business environment 'onion' (1)



Layers of the business environment ‘onion’ (2)



Strategy Insights Structure	Strategy analysis Tools
The macro-environment	PESTEL framework
Industry (or sector)	Porter’s Five Forces
Competitors	Strategic groups, Strategy canvas (Blue Ocean Strategy)
The organisation	SWOT analysis (focus on strengths & weaknesses)

Reversed pyramid analysing approach
Think big and narrow down into small & details.

Source: Exploring Strategy, 10th Edition, Gerry J., Richard W. etc., Pearson

The PESTEL framework (1)

The PESTEL framework categorises environmental factors into six key types:

Political	**Economic**
Social	**Technological**
Ecological	**Legal**

PESTEL helps to provide a list of potentially important issues influencing strategy.

But it is important to assess the impact of each factor and not just identify it.

The PESTEL framework (2)

- PESTEL is also useful for identifying the 'key drivers of change', i.e. the environmental factors likely to have a high impact on the success or failure of strategy.
- 'Key drivers' often vary by industry or market.
- For example, retailers are concerned with social changes and customer behaviour which have driven a move to 'out of town' shopping.
- Airlines may be more concerned about political developments that drive demand.

The PESTEL framework (3)

- ***Political factors:*** The role of the state as an owner, customer or supplier of businesses. Other political factors include government policies, taxation changes, foreign trade regulations, political risk in foreign markets, changes in trade blocks (e.g. expansion of EU).

- ***Economic factors:*** The role of macro-economic factors. This includes business cycles, interest rates, personal disposable income, exchange rates, unemployment rates, differential growth rates around the world.

The PESTEL framework (4)

- ***Social factors***: Including changing cultures and demographics. Examples are the ageing population in Western societies, income distribution, lifestyle changes, consumerism, changes in culture and fashion.

- ***Technological factors***: New discoveries and technology developments. Examples include developments on the internet, nano-technology or the rise of new composite materials.

The PESTEL framework (5)

- ***Ecological factors***: This refers to 'green' environmental issues, such as pollution waste and climate change. Examples are environmental protection regulations, energy problems, global warming, waste disposal and re-cycling.

- ***Legal factors***: Legislative and regulatory constraints or changes. Examples are IPR, competition law, health and safety law, employment law, liberalisation of trade law.

Using the PESTEL framework

- Apply ***selectively*** – identify specific factors which impact on the industry, market and organisation in question.
- Identify factors which are ***important currently*** but also consider which will become ***more important in the next few years***.
- Use ***data*** to support the points and analyse trends using up-to-date information.
- ***Identify opportunities and threats*** – the main point of this tool!

Industry attractiveness (1)

An industry is a group of firms producing products and services that are essentially the same. For example, the automobile industry and the airline industry.

A sector is a broad industry group (or a group of markets) especially in the public sector (e.g. the health sector).

A market is a group of customers for specific products or services that are essentially the same (e.g. the market for luxury cars in Germany).

Industry attractiveness (2)

Porter's Five Forces Framework helps identify the attractiveness of an industry in terms of five competitive forces:

- ***the threat of entry***
- ***the threat of substitutes***
- ***the bargaining power of buyers***
- ***the bargaining power of suppliers and***
- ***the extent of rivalry between competitors.***

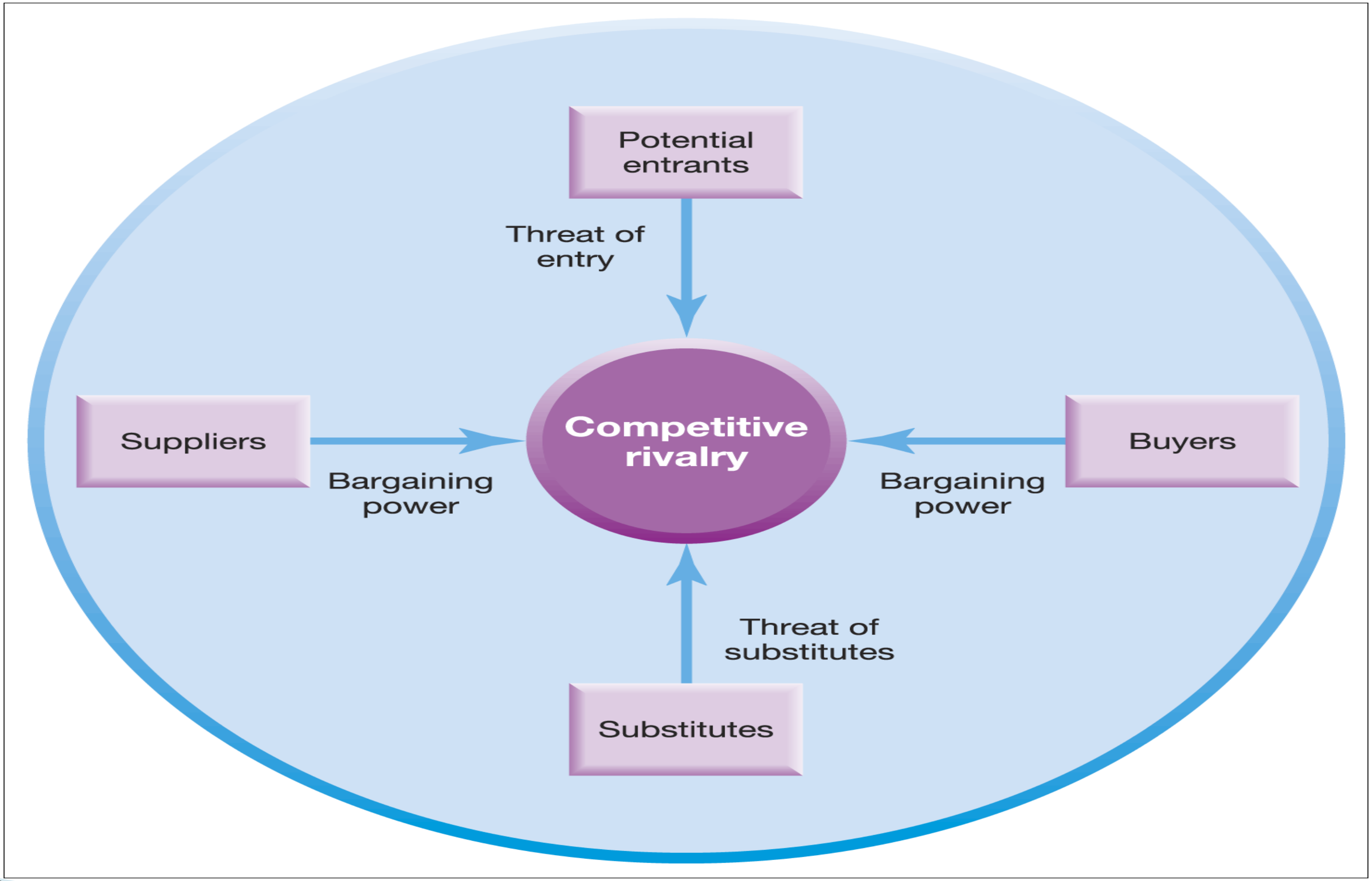
N.B. These five forces constitute an industry's 'structure'.

Industry attractiveness (3)

Porter maintains that:

- An attractive industry structure is one that offers good profit potential.
- Where the five forces are high, industries are not attractive.
- Industries are attractive when the forces are weak.
- Industry structure can be influenced by managerial strategies (e.g. building barriers to entry, acquiring competitors)
- Not all competitors will be affected equally by industry structure (e.g. smaller players will be affected more by rising spend on R&D or advertising)

The Five Forces framework (1)



Source: Adapted from *Competitive Strategy: Techniques for Analyzing Industries and Competitors* The Free Press by Michael E. Porter, copyright © 1980, 1998 by The Free Press. All rights reserved.

The Five Forces framework (2)

Rivalry between existing competitors

Competitive rivals are organisations with similar products and services aimed at the same customer group and are direct competitors in the same industry/market (distinct from substitutes).

The degree of rivalry increases when:

- Competitors are of roughly equal size
- Competitors are aggressive in seeking leadership
- The market is mature or declining
- There are high fixed costs
- The exit barriers are high
- There is a low level of differentiation

The Five Forces framework (3)

The threat of entry

Barriers to entry are the factors that need to be overcome by new entrants if they are to compete. The threat of entry is low when the barriers to entry are high and vice versa.

The main barriers to entry are:

- Economies of scale/high fixed costs
- Experience and learning
- Access to supply and distribution channels
- Differentiation and market penetration costs
- Legislation or government restrictions (e.g. licensing)
- Expected retaliation from incumbents.

The Five Forces framework (4)

Threat of substitutes

Substitutes are products or services that offer a similar benefit to an industry's products or services, but have a different nature i.e. they are from outside the industry.

Customers will switch to substitutes (and thus the threat increases) if:

- ***The price/performance*** of the substitute is superior (e.g. Aluminium is more expensive than steel but it is more cost efficient for car parts)

- The substitute ***benefits from an innovation*** that improves customer satisfaction (e.g. high speed trains can be quicker than airlines from city centre to city centre on short haul routes).

The Five Forces framework (5)

The bargaining power of buyers

Buyers are the organisation's immediate customers, not necessarily the ultimate consumers.

If buyers are powerful, they can demand cheap prices or product/service improvements to reduce profits.

Buyer power is likely to be high when:

- ***Buyers are concentrated***
- ***Buyers have low switching costs***

The Five Forces framework (6)

The bargaining power of suppliers

Suppliers are those who supply what organisations need to produce the product or service. Powerful suppliers can reduce an organisation's profits.

Supplier power is likely to be high when:

- The suppliers are concentrated (few of them)
- Suppliers provide a specialist or rare input
- Switching costs are high (it is disruptive or expensive to change suppliers)
- Suppliers can integrate vertically (e.g. low-cost airlines have cut out the use of travel agents)

Types of industry (1)

- ***Monopolistic industries*** – an industry with one firm and therefore no competitive rivalry. A firm has ‘monopoly power’ if it has a dominant position in the market. For example, Google in the US search engine market.

- ***Oligopolistic industries*** – an industry dominated by a few firms with limited rivalry and in which firms have power over buyers and suppliers, e.g. Boeing and Airbus dominate the market for civil aircraft.

Types of industry (2)

- ***Perfectly competitive industries*** – where barriers to entry are low, there are many equal rivals each with very similar products, and information about competitors is freely available. Few markets are 'perfect' but many may have features of highly competitive markets, for example, mini-cabs in London.

- ***Hypercompetitive industries*** – where the frequency, boldness and aggression of competitor interactions accelerate to create a condition of constant disequilibrium and change (e.g. mobile phones).

Implications of Five Forces analysis

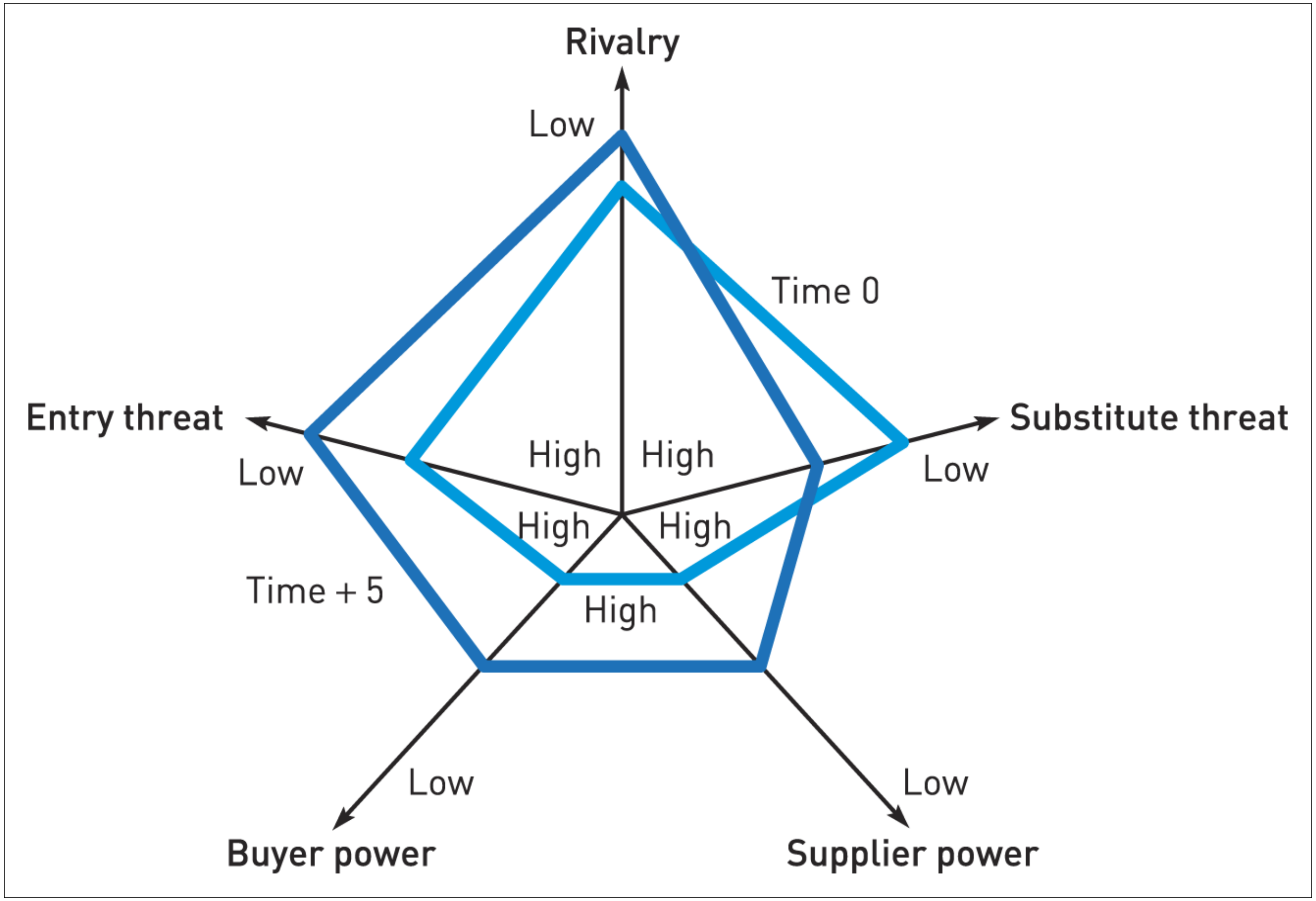
- ***Which industries/markets to enter or leave?*** It helps identify the attractiveness of industries.
- ***What influence can be exerted?*** Identifies strategies that can influence the impact of the five forces e.g. building barriers to entry by becoming more vertically integrated.
- ***The forces may have a different impact on different organisations*** e.g. large firms can deal with barriers to entry more easily than small firms.

Issues in Five Forces analysis

- ***Defining the 'right' industry.*** Applying the model at the most appropriate level – not necessarily the whole industry e.g. the European low-cost airline industry rather than airlines globally.

- ***Complementary organisations and forces*** which enhance the attractiveness of a business to customers or suppliers. Microsoft Windows and McAfee computer security systems are complementors. This can almost be considered as a sixth force.

Making industry structure analysis dynamic over time with a 'radar plot'



Where the forces are low the area is large.

So the larger the area the greater the profit potential!

Scenarios

Scenarios are plausible views of how the environment of an organisation might develop in the future, based on key drivers of change about which there is a high level of uncertainty. The aim is to:

- Build on *PESTEL analysis* and key drivers of change.
- Offer more than a single view, so an organisation will typically develop several *alternative scenarios* to *explore and evaluate future strategic options*.
- Scenario analysis is used in industries with *long planning horizons*, for example the oil industry or airlines industry.

Carrying out scenario analysis (1)

- Identify the ***scope of the study*** – the relevant product/market and time span.

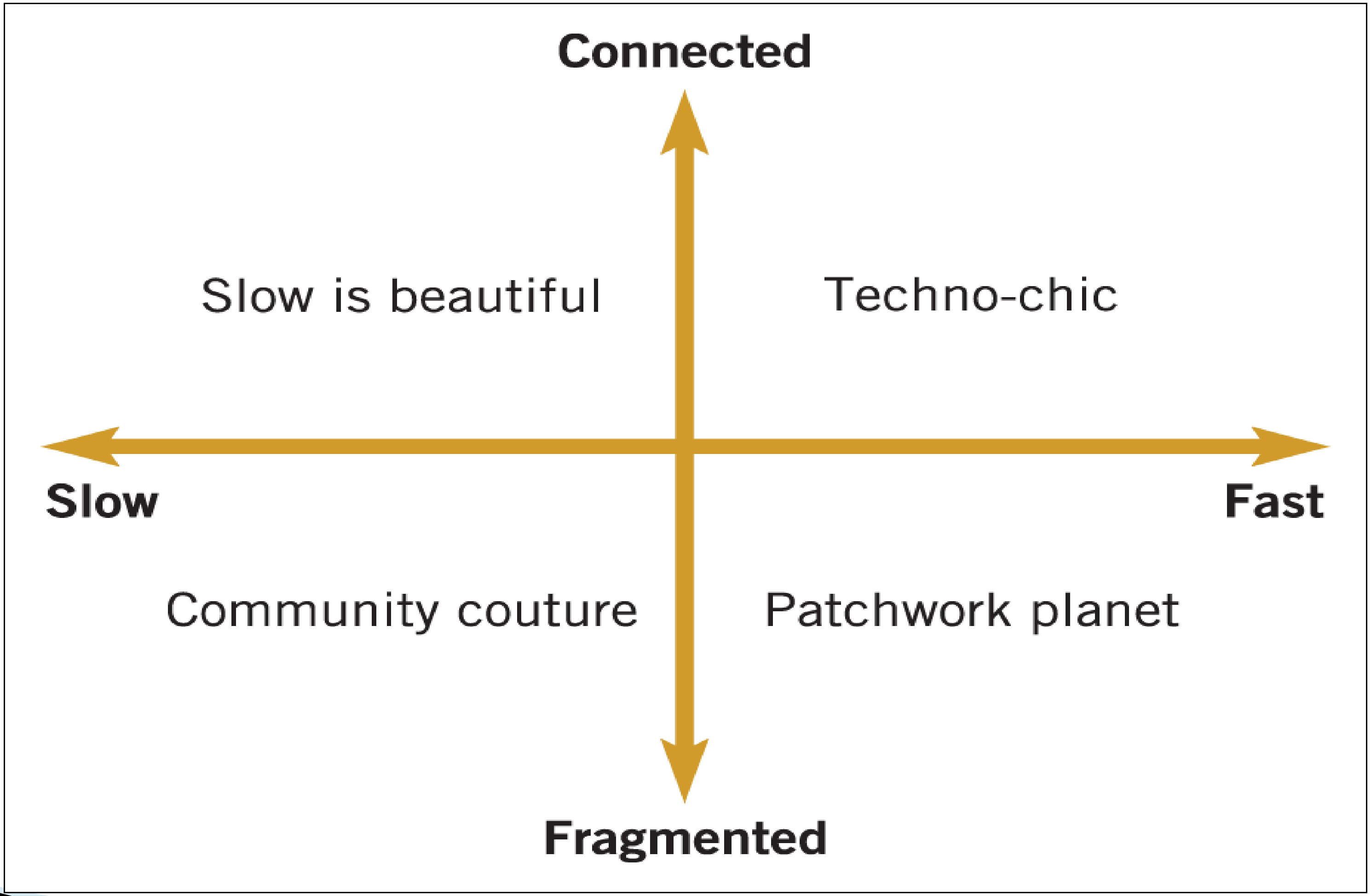
- Identify ***key drivers of change*** – PESTEL factors which will have the most impact in the future but which have uncertain outcomes and are mutually independent.

- For each key driver ***select opposing outcomes*** where each leads to very different consequences.

Carrying out scenario analysis (2)

- ***Develop scenario 'stories'***. That is, coherent and plausible descriptions of the environment that result from opposing outcomes.
- ***Identify the impact of each scenario*** on the organisation and evaluate future strategies in the light of the anticipated scenarios.
- ***Establish early warning systems***. Identify indicators that might give an early warning of the way the environment is changing and monitor such indicators.

Scenarios for the global fashion industry, 2025



Blue Ocean thinking

- **‘Red Oceans’** are where industries are already well defined and rivalry is intense.
- **‘Blue Oceans’** are new market spaces where competition is minimised.
- **‘Blue Ocean thinking’** encourages entrepreneurs and managers to be different by finding or creating market spaces that are not currently being served.

How are these organisations governed and controlled?

Corporate governance is concerned with the structures and systems of control by which managers are held accountable to those who have a legitimate stake in an organisation.

The growing importance of governance

- ***The separation of ownership and management control*** – defining different roles in governance
- ***Corporate failures and scandals*** (e.g. Enron) – focusing attention on governance issues
- ***Increased accountability*** – acknowledging wider stakeholder interests and the need for corporate social responsibility (e.g. green issues)

The principal–agent model (1)

- ***Governance can be seen in terms of the principal–agent model***
- Principals pay agents to act on their behalf (e.g. trustees pay investment managers to manage funds, investors pay executives to run companies)
- But agents may act in their own self interest

The principal–agent model (2)

The key challenges are:

- ***Knowledge imbalances***: agents typically know more about what can and should be done.
- ***Monitoring limits***: it is very difficult for the principal to closely monitor the agent's performance especially if they have diverse interests.
- ***Misaligned incentives***: without appropriate incentives agents may pursue their own objectives.

Issues in governance

- ***Establishing the specific role of the board*** – in particular the role of non-executive directors.
- ***The role of institutional investors*** – should they actively intervene in firm strategy?
- ***Scrutiny and control*** – necessity for statutory requirements and voluntary codes to regulate boards.
- ***Who are the shareholders*** – should boards respond to the demands of institutional investment managers or the needs of the ultimate beneficiaries?

Different governance models

	Shareholder model	Stakeholder model
Advantages	• Higher rates of return • Reduced risk • Increased innovation and entrepreneurship • Better decision making	• Long term horizons • Less reckless risk-taking • Better management
Disadvantages	• Diluted monitoring • Vulnerable minority shareholders • Short termism	• Weaker decision-making • Uneconomic investments • Reduced innovation and entrepreneurship

Who are the organisation’s stakeholders?

Stakeholders are those individuals or groups that depend on an organisation to fulfil their own goals and on whom, in turn, the organisation depends.

Types of stakeholders

- Stakeholders can be divided into
  - ***internal stakeholders*** (e.g. managers and employees) and
  - ***external stakeholders***
- External stakeholders can be categorised into 4 types:
  - ***economic (e.g. suppliers; shareholders, banks)***
  - ***social/political (e.g. government agencies)***
  - ***technological (e.g. standards agencies)***
  - ***community (e.g. local residents)***

Stakeholders of a large organisation

Source: Adapted from R.E. Freeman, *Strategic Management: A Stakeholder Approach*, Pitman, 1984. Copyright 1984 by R. Edward Freeman.

Conflicts of expectations

- In order to grow, short-term profitability, cash flow and pay levels may need to be sacrificed.
- ‘Short-termism’ may suit managerial career aspirations but preclude investment in long-term projects.
- When family businesses grow, the owners may lose control if they need to appoint professional managers.
- New developments may require additional funding through share issue or loans. In either case, financial independence may be sacrificed.
- Public ownership of shares will require more openness and accountability from the management.
- Cost efficiency through capital investment can mean job losses.
- Extending into mass markets may require a reduction in quality standards.
- In public services, a common conflict is between mass provision and specialist services (e.g. preventative dentistry or heart transplants).
- In large multinational organisations, conflict can result because of a division’s responsibilities to the company and also to its host country.

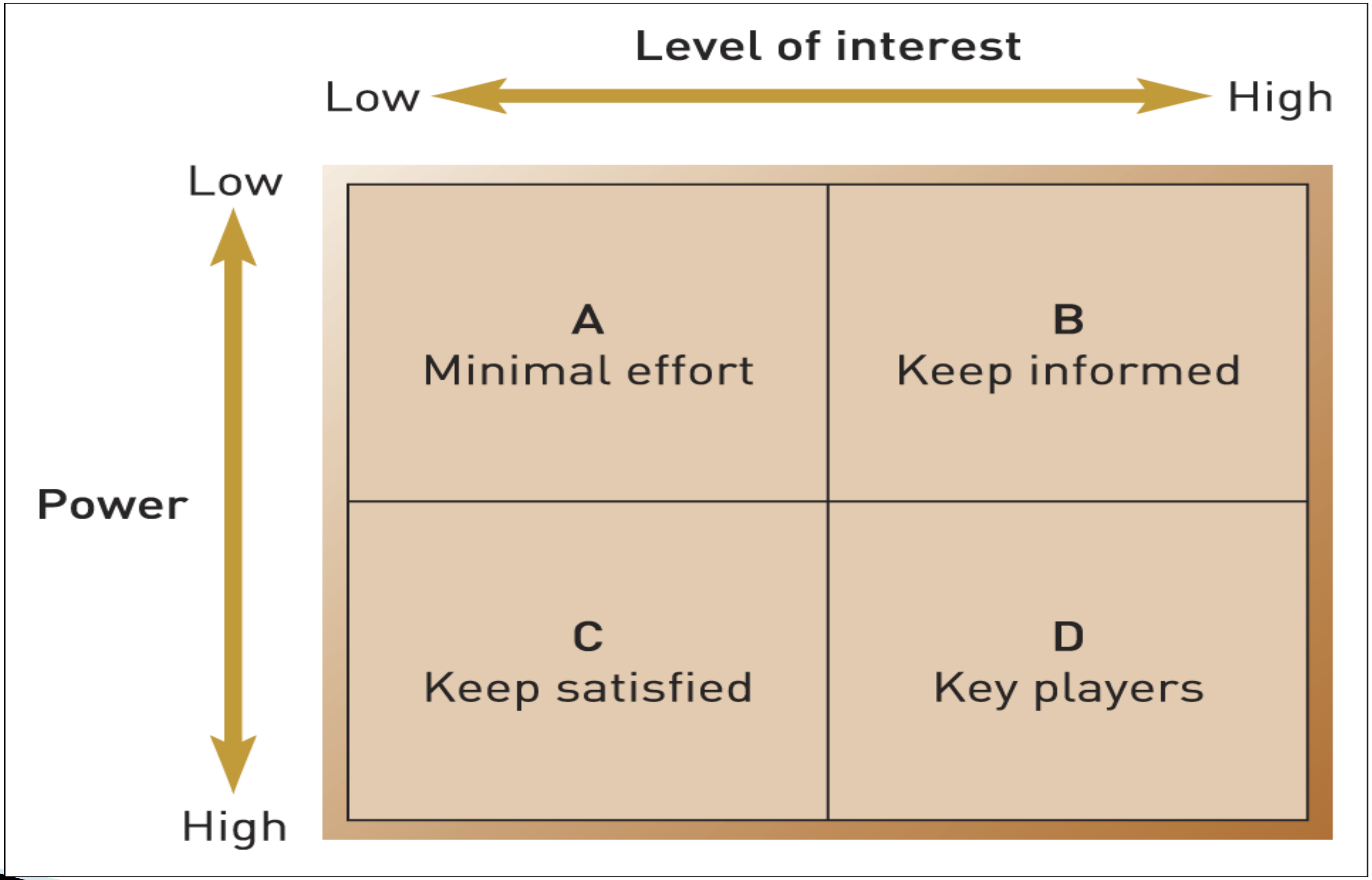
Stakeholder mapping

- ***Stakeholder mapping*** identifies stakeholder interest and power and helps in understanding political priorities.
- The **power and interest** of stakeholders depend on the particular issue being considered – different issues require different maps.

Stakeholder mapping issues

- Determining purpose and strategy – ***whose expectations*** need to be prioritised?
- Who are the key ***blockers*** and ***facilitators*** of strategy?
- Is it desirable to try to ***reposition*** certain stakeholders?
- Can the level of interest or power of key stakeholders be ***maintained***?
- Will stakeholder positions ***shift*** according to the issue/strategy being considered?

Stakeholder mapping:
The power/interest matrix



Source: Adapted from A. Mendelow, *Proceedings of the Second International Conference on Information Systems*, Cambridge, MA, 1986.

Corporate social responsibility

Corporate social responsibility (CSR) is the commitment by organisations to "behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large" (World Business Council for Sustainable Development).

Social responsibility stances

	Laissez-faire	Enlightened self-interest	Forum for stakeholder interaction	Shaper of society
Rationale	Legal compliance: make a profit, pay taxes and provide jobs	Sound business sense	Sustainability or triple bottom line	Social and market change
Leadership	Peripheral	Supportive	Champion	Visionary
Management	Middle-management responsibility	Systems to ensure good practice	Board-level issue; organisation-wide monitoring	Individual responsibility throughout the organisation
Mode	Defensive to outside pressures	Reactive to outside pressures	Proactive	Defining
Stakeholder relationships	Unilateral	Interactive	Partnership	Multi-organisation alliances

Questions of CSR (1)

Should organisations be responsible for . . .

INTERNAL ASPECTS

Exployee welfare
. . . providing medical care, assistance with housing finance, extended sick leave, assistance for dependants, etc.?

Working conditions
. . . job security, enhancing working surroundings, social and sporting clubs, above-minimum safety standards, training and development, etc.?

Job design
. . . designing jobs to the increased satisfaction of workers rather than just for economic efficiency? This would include issues of work/life balance?

Intellectual property
. . . respecting the private knowledge of individuals and not claiming corporate ownership?

Questions of CSR (2)

Should organisations be responsible for . . .

EXTERNAL ASPECTS

Environmental issues
. . . reducing pollution to below legal standards if competitors are not doing so?
. . . energy conservation?

Products
. . . dangers arising from the careless use of products by consumers?

Markets and marketing
. . . deciding not to sell in some markets?
. . . advertising standards?

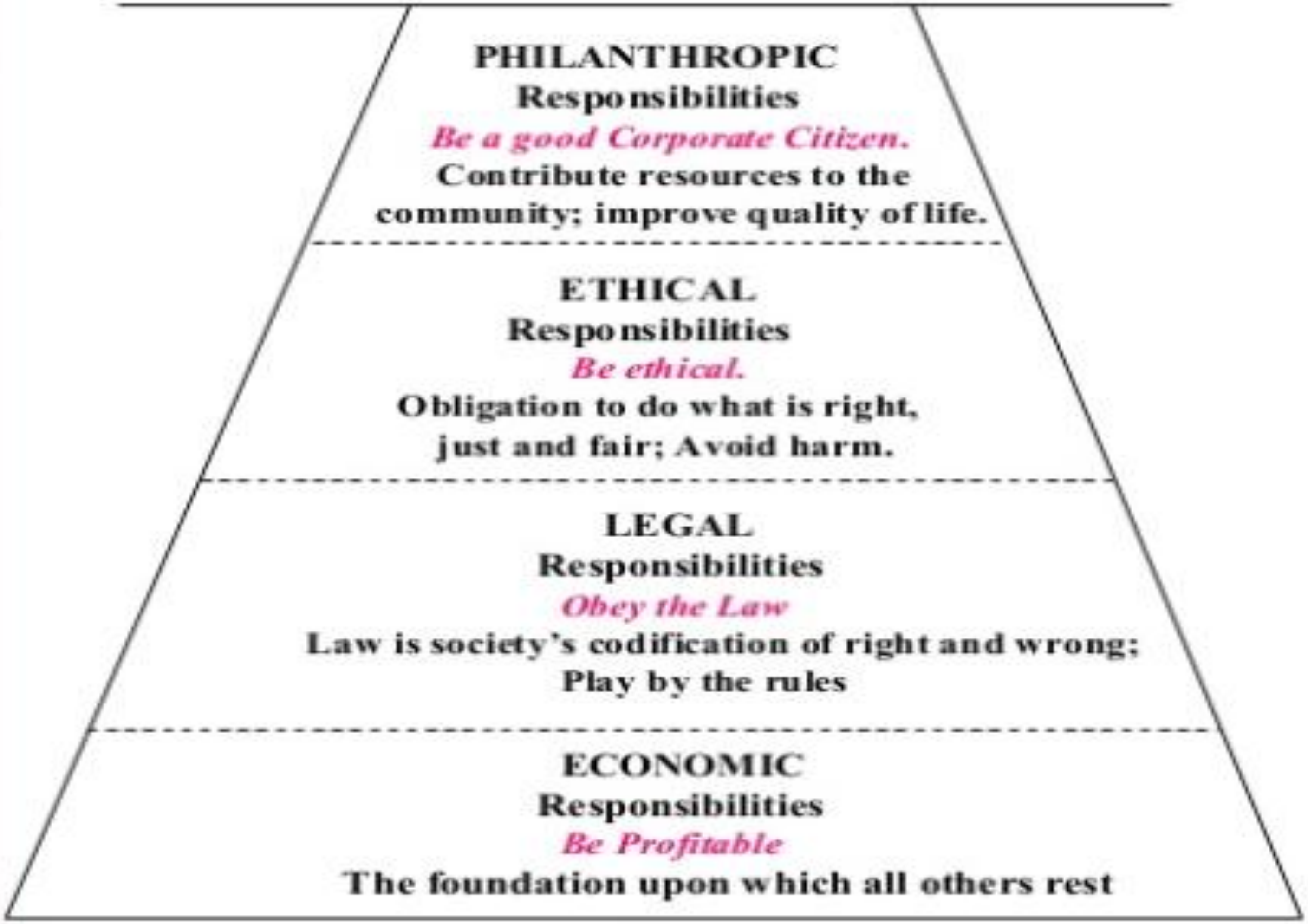
Suppliers
. . . 'fair' terms of trade?
. . . blacklisting suppliers?

Employment
. . . positive discrimination in favour of minorities?
. . . maintaining jobs?

Community activity
. . . sponsoring local events and supporting local good works?

Human rights
. . . respecting human rights in relation to: child labour, workers' and union rights, oppressive political regimes? Both directly and in the choice of markets, suppliers and partners?

The Pyramid of Social Responsibility



Source: Carroll (1991)

The ethics of individuals and managers

- ***Ethical issues*** have to be faced at the individual level.
- The responsibility of an individual who believes that the strategy of the organisation is unethical – resign, ignore it or take action.
- ***'Whistle-blowing'*** – divulging information to the authorities or media about an organisation if wrong-doing is suspected.

Summary (1)

- Environmental influences can be thought of as ***layers*** around an organisation, with the outer layer making up the ***macro-environment***, the middle layer making up the ***industry or sector*** and the inner layer ***strategic groups*** and ***market segments***.
- The macro-environment can be analysed in terms of the ***PESTEL factors***, from which ***key drivers of change*** can be identified.
- Alternative ***scenarios*** about the future can be constructed according to how the key drivers develop.

Summary (2)

- Industries and sectors can be analysed in terms of ***Porter's five forces*** – barriers to entry, substitutes, buyer power, supplier power and rivalry. Together, these determine ***industry or sector attractiveness***.
- ***Industries and sectors are dynamic***, and their changes can be analysed in terms of the ***comparative five forces radar plots***.
- ***Blue Ocean strategies*** characterised by low rivalry are a better means of avoiding ***Red Ocean*** with many similar rivals and low profitability.

Summary (3)

- The purpose of an organisation will be influenced by the expectations of its ***stakeholders***.
- The influence of some key stakeholders is represented formally within the ***governance structure*** of an organisation.
- There are two generic governance structures systems: the ***shareholder model*** and the ***stakeholder model***, though there are variations of these internationally.

Summary (4)

- Different stakeholders exercise different influence on organisational purpose and strategy, dependent on the extent of their ***power and interest***. Managers can assess the influence of different stakeholder groups through ***stakeholder analysis***.
- Organisations adopt different stances on ***corporate social responsibility*** depending on how they perceive their role in society. Individual managers may also be faced with ***ethical dilemmas*** relating to the purpose of their organisation or the actions it takes.