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⑥ Strategies & It is defined as, the determination of basic long-term goals and objectives of an enterprise and the adoption of course of action and the allocation of resources necessary for carrying out these goals.

⇒ Types Of Strategy

i) Stability Strategy & It implies, to leave the well enough along. If the environment is stable and the organisation is doing well, then it is better to make no changes. This strategy is exercised most often and is less risky as a course of action.

ii) Growth Strategy & It means expansion of the operations of the company and addition of new area of operations. It can be very risky and involves forecasting and analysis of many factors that affect expansion like resource availability and market availability. However growth is necessary due to volatility of business and industries. For the success of an organisation, growth must be properly planned and controlled.

iii) Retrenchment Strategy & It means reduction in product, services and

personnel. It is many times useful in the face of tough competition, scarcity of resources and reorganisation of the company to reduce waste. It, though reflecting failure of the company to some degree becomes highly necessary for the very survival of the company.

iv) Combination Strategy & It means using a combination of other strategies and is primarily used by large complex organisations who may want to cut back in some areas and expand in others. Also, in time of financial difficulties a company may employ entrenchment strategy and resort to growth strategy, if economic situation improves.