

## Objectives, Policies and Organisational Ethics

In this recording we summarise the content of chapter 17 Objectives, Policies and Organisational Ethics.

Studying this chapter should help you discuss the role of corporate objectives in strategy and management planning; review the role of policy in strategy implementation; identify and discuss the application of ethics to managerial decision making and business conduct; explain what is meant by corporate social responsibility and the reasons organizations pursue CSR strategies; appraise how organizations create business plans; apply the SWOT framework to support strategy; .

Introducing the chapter, the authors start with 1. One way of looking at strategic management is from the perspective of corporate planning. This has been described variously as a technique, a style of management, or a process. It is probably best to think of it as a process which enables an organisation to identify the following:

- what it is there for, and its principal objectives
- its current strengths and weaknesses
- what opportunities and threats are posed by its external environment
- the basis of its long-term plans (resourcing etc)
- the context of its short-term plans (annual budgets/rolling plans etc)
- the key performance standards it seeks to achieve
- what rules of conduct/ethical principles it is prepared to support

2. Planning, as was noted in the introduction to this section, involves decisions about ends (objectives) as well as means, and decisions about conduct as well as results. This chapter is about translating the organizational purpose into action and the associated need to define expectations of outcome and the behaviours used to attain such outcomes. There are many concepts and tools used to affect employee behaviour. There are informal mechanisms such as culture and more formal mechanisms such as objectives, policy and codes of conduct (ethics). Whilst the business plan, with the mission and objectives may define 'what' needs to be done, the aforementioned mechanisms guide 'how' employees and the organization will conduct themselves in attaining their goals and fulfilling their purpose. Mechanisms discussed in chapter 12, such as corporate governance, help assure that the conduct of the organization is controlled and regulated. Further control mechanisms are discussed in the final chapters of this part of the book.

3. The chapter outlines the process of corporate planning, and aims to show the relationship between corporate objectives, policies and ethical statements, and operating plans, as illustrated in diagrammatic form in Figure 17.1.

[Insert Figure 17.1 here] Figure 17.1 An outline of corporate planning..

The key concepts discussed within this chapter are:

Business ethics - the accepted principles (beliefs and values) of right or wrong governing the conduct of business people; Business model - the organization's essential logic for consistently achieving its principle objectives- explains how it consistently makes money, highlights the distinctive activities and approaches that enable the firm to succeed—to attract customers and deliver products and services profitably; Business Plan - a document that summarizes how an entrepreneur will organize a firm to exploit an opportunity, along with the economic implications of exploiting that opportunity; Corporate social responsibility - a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on all stakeholders, including the environment; Objectives - Objectives are statements of specific outcomes that are to be achieved; Policy - A guiding principle designed to influence decisions, actions, etc; SWOT analysis - summarises the key issues from the business environment and the strategic capability of an organisation both of which are most likely to impact upon strategy development; .

Other terms discussed include:

Code of ethics ; corporate governance; mission statement; Strategic Management Process; .

Summarising and concluding, the author(s) make the following comments - 30. Business planning at the corporate/strategic level is a continuing process by which the long-term objectives of an organisation may be formulated, and subsequently attained, by means of long-term strategic actions designed to make their impact on the organisation as a whole. Corporate planning also involves deciding the policies, or code of conduct, of the organisation in pursuit of its objectives. Thus business aims and ethical considerations are brought together. The typical planning process adopts a contingency perspective and is based upon analysis of the environment. However, the process is not entirely mechanical and rational/ economic and there is plenty of scope for choices to be made that are influenced by the values and beliefs of managers and other stakeholders..

We have now reached the end of the chapter 'Objectives, Policies and Organisational Ethics'.

There are a number of references for this chapter where further reading opportunities are identified for you.

Additionally, there are questions or activities to help develop and test your understanding of this chapter