

Unit 4: Strategic Management, Ethics and Social Responsibility

4.1. Meaning of Strategic Management

- **Definition:**

Strategic Management is the process of planning, implementing, and evaluating decisions that help an organization achieve its long-term goals.

- **Key Features:**

1. **Long-term focus** – looks at the future, not just today.
2. **Competitive advantage** – helps companies stay ahead of competitors.
3. **Resource allocation** – proper use of people, money, and time.
4. **Continuous process** – not a one-time activity, but ongoing.

4.2 SWOT Analysis

Meaning

SWOT Analysis is a strategic management tool used to analyze the **internal and external environment** of a business. It helps an organization understand its current position and identify factors that may influence its future performance.

	Element	Meaning	Example
S	Strengths	Internal positive factors that give the company an advantage.	Strong brand name, skilled employees, good financial position
W	Weaknesses	Internal negative factors that may reduce the company's performance.	High costs, poor online presence, lack of skilled staff
O	Opportunities	External positive factors that the company can use for growth.	New customer segments, digital market growth, new technology
T	Threats	External negative factors that may	Strong competitors, changing government

	Element	Meaning	Example
		create challenges for the company.	regulations, economic uncertainty

4.3. Ethical Issues in Management

Ethics in management refers to following moral principles and standards in business decisions. Ethical issues arise when there is a conflict between profit-making and doing the right thing.

No.	Ethical Issue	
1	Misleading Advertisements	Giving false or exaggerated information about a product or service to attract customers is unethical.
2	Unfair Treatment of Employees	Paying unfair wages or discriminating against employees violates principles of fairness and equality.
3	Exploitation of Natural Resources	Excessive use of natural resources, pollution and deforestation can harm the environment and society.
4	Bribery and Corruption	Offering or accepting illegal payments or benefits to influence business decisions is unethical.
5	Manipulation of Financial Statements	Deliberately changing financial information to show a false picture of the organization's performance is unethical.
6	Financial Misreporting	Providing false or inaccurate financial information to mislead investors, management or other stakeholders is unethical.
7	Product Quality and Safety	Selling products that are unsafe, defective or below required quality standards can harm consumers and is unethical.

Importance of Following Ethics in Management

No.	Importance
1	Builds Trust
2	Improves Reputation
3	Employee Satisfaction
4	Customer Loyalty
5	Better Decision-Making
6	Reduces Legal Problems
7	Improves Productivity
8	Long-Term Success
9	Social Responsibility

4.4. Corporate Social Responsibility (CSR)

Corporate Social Responsibility means that companies have a duty not only to earn profit but also to contribute positively to society and the environment. It goes beyond business activities and benefits the community.

- **Areas of Corporate Social Responsibility (CSR)**

No.	CSR Area	
1	Education & Skill Development	Companies support education through schools, scholarships and skill-development programmes.
2	Healthcare	Companies support hospitals, medical camps and health-awareness programmes.
3	Environment Protection	Companies protect the environment through tree plantation, waste management and pollution control.

No.	CSR Area	
4	Social Development	Companies support women empowerment, community welfare and social-development programmes.
5	Employee Welfare	Companies promote employee well-being through fair wages, safe working conditions, training and welfare facilities.
6	Rural Development	Companies support rural communities through infrastructure, livelihood and development programmes.
7	Women Empowerment	Companies promote women's education, employment, entrepreneurship and financial independence.
8	Disaster Management	Companies provide financial and material support to communities affected by natural or other disasters.
9	Sports Development	Companies promote sports by supporting athletes, coaching, competitions and sports facilities.
10	Water & Sanitation	Companies support clean drinking water, sanitation facilities and hygiene programmes.
11	Animal Welfare	Companies support animal protection, healthcare, shelters and welfare activities.
12	Digital Literacy	Companies improve digital skills and access to technology among underserved communities.

Importance of CSR

No.	Importance	
1	Builds Good Reputation	CSR creates a positive image and reputation for the organization.
2	Improves Customer Loyalty	Responsible business practices increase customer trust and loyalty.
3	Employee Satisfaction	CSR activities improve employee morale, motivation and satisfaction.
4	Community	CSR contributes to education, healthcare, environment and overall

No.	Importance	
	Development	social development.
5	Long-Term Business Success	CSR supports sustainable growth by balancing business objectives with social and environmental responsibilities.

4.5. Sustainable Management Practices

Sustainable management refers to managing resources and business activities in a way that meets present needs without harming future generations. It ensures economic growth, social responsibility, and environmental protection go hand-in-hand.

In simple word *“Sustainable Management means managing a business in a way that earns profit while protecting the environment and conserving resources for the future.”*

“Use resources wisely today without harming the future.”

- Practices of Sustainable Management:**

No.	Practice		Example
1	Use of Renewable Energy	Companies use solar, wind and other renewable energy sources to reduce pollution and dependence on fossil fuels.	Google – Uses renewable energy such as solar and wind power for its operations.
2	Reduce, Reuse & Recycle (3Rs)	Companies reduce waste, reuse materials and recycle resources to conserve natural resources.	IKEA – Promotes circular-economy practices and the use of renewable or recycled materials.
3	Eco-Friendly Production Methods	Companies use energy-efficient processes, cleaner technologies and environmentally friendly materials to reduce environmental	Tesla – Produces electric vehicles and battery-storage systems.

No.	Practice		Example
		impact.	
4	Ethical Supply Chain Practices	Companies ensure fair wages, safe working conditions, responsible sourcing and avoidance of unethical labour practices.	Nike – Has developed supplier standards covering labour and environmental practices.
5	Green Marketing & Awareness	Companies promote environmentally friendly products and encourage consumers to adopt sustainable practices.	Starbucks – Promotes reusable cups and environmental awareness.
6	Water Conservation	Companies reduce water consumption through water recycling, rainwater harvesting and other conservation measures.	Coca-Cola – Implements water replenishment and community water programmes.

Importance of Sustainable Management

No.	Importance	
1	Protects the Environment	Reduces pollution, waste and excessive use of natural resources.
2	Ensures Long-Term Business Survival	Helps businesses conserve resources and remain sustainable in the long run.
3	Enhances Reputation & Customer Loyalty	Environmentally responsible practices improve brand image and customer trust.
4	Complies with Government	Helps organizations meet environmental laws, standards and

No.	Importance	
	Regulations	regulatory requirements.
5	Reduces Operating Costs	Energy efficiency, waste reduction and resource conservation can reduce long-term business costs.