

A Brief Discussion about Influence of Corporate Culture to Corporate Strategy

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Abstract

Since the term “corporate culture” is proposed, all this time, corporate culture is taken seriously by people from first to last. It is the key for enterprise strategize. Some scholars take corporate culture mention in the same breath with corporate strategy; even someone think corporate culture is higher than corporate strategy. Enterprises’ various economical activities have thousands of links with corporate culture. Corporate culture’s core is talented person. Enterprise must triumph in every battle market if it thinks highly of employee’s development and growth.

Keywords

Corporate culture, corporate strategy, economical activities.

1. WHAT IS CORPORATE CULTURE AND STRATEGY

What is corporate culture? Corporate culture is, embody enterprise’s characteristics and distinguish to others, different with other corporates. It may reflect enterprise’s mission, image, vision and business philosophy. Employees will comply with it, show enterprise’s sense of worth and soul. A positive and excellent corporate culture can push forward enterprise’s development and in an other words, a bad one can become an obstruct. It block enterprise’s growth. Corporate culture is group consciousness, its function is direct and constrain.

What is called corporate strategy? It is tactics that has protracted nature instruct enterprise’ basic direction. It includes many tactics, such as marketing strategy, production strategy, sales strategy, brand strategy, talent strategy and market development strategy and so on. Its implement depends on organizational structure, process and system of authority and responsibility. Strategy is which enterprise make a forecast about future and is also guide present actions for enterprise. Its measurement criteria are whether enterprise’ core competence can play and strengthen.

2. THE CONSIST OF CORPORATE CULTURE

A fine corporate culture may inspire employees, encourage them into passionate work, inspire creativity, develop a sense of purpose, as a result, employees will produce a sense of identity and belonging for enterprise and help success.

In the 1980s, two professors from Harvard University , Terrence E. Deal and Allan A. Kennedy proposed the theory about corporate culture and they summarized it into five essential factors: environment, values, heroes, cultural ceremony and cultural networks.

Environment means enterprise’ exterior and interior. External environment include macroenvironment, industrial environment and competitive environment. Macroevironment contains political and legal environment, economic environment, social and cultural environment and technology environment and so on. Analysis of these factors, common analytical methods is called PEST.

Political environment means the political circumstances, political stability and government action, they both have significant impact for enterprise' marketing. For instance, the policy of the state whether sustain enterprise's marketing, whether restrictions on imports and exports, whether the political atmosphere is harmonious and the relationship with other countries and so on. All these factors must be thought when enterprise making tactics. Legal environment means whether enterprise's marketing action are protected by local legislation. Economic environment contains local consumption preference, consumptive level, inflation and rate of unemployment, etc. Sociocultural environment consist of local population size, age composition, level of education, faith and values. Technical factor contains new technology, new material and new process.

To industrial environment, enterprise's managers consider mainly industry situation. It includes overall arrangement, relative policies, barriers to entry and supply and demand and so on. The far reaching impact analysis is Michael Porter's Five Forces Model. It consists of bargaining power of suppliers, bargaining power of buyers, threat of new entrants, substitutes and rivalry. When enterprise faces threat of new entrants, if the enterprise has great bargaining power and to keep costs to a minimum, it can prevent entrants in large extent. That's fine to cultivating consumer loyalty. The higher loyalty of consumers, the more injured for entrants. Or enterprise may strengthen its core competitive to stop the entrants. For the threat of bargaining power of buyers, enterprise may reduce range of selection or no choice for buyers to weaken buyers' bargaining power. For suppliers' bargaining power, enterprise may push up the price of products, take the excessive price to consumers. But the weakness is consumers will turn to other merchants, enterprise will lose its customers. For substitutes' threat, enterprise appeal to consumers through special products and low price strategy. To competitors, enterprise solve it through brand loyalty and product differentiation. The five forces model can let enterprise make advanced strategy but its weakness is obvious: if enterprise cannot get hold of the whole industry information, it would not cover the initiative in the marketing.

Enterprise adopts two strategies in competitive environment. One is establish scale economy to reduce costs, low price will raise industry's trade barriers. There are many ways to reduce price, for example, increase the product distribution channel width, improve consumers perception of products, rise products' capability on service and products' influence. The other strategy is products differentiation. Such as adding value to a product, increase profit margins through various marketing and promotional activities. Making competitive strategy, for managers, must know competitors enough. Confucius said, know the enemy and know yourself, and you can fight a hundred battles with no dangers of defeat.

The interior environment contains internal resources status, work style, business philosophy and management capability. Analysis enterprise internal environment must include core competencies, position in the market and self-assessment. The usual methods are SWOT and value chain analysis.

Corporate values is one of the important factors for strategies. The core of modern corporate values is people. An excellent enterprise can offer plenty of room for personal growth and good personal development environment. It is significance to pay attention to study the problem of employees' development in an all-round way for enterprises, even the whole society.

It is inseparable between enterprise' success and elite. But corporate elite do not means stand out person and give up team spirit. It is perfect match about elite and team. In a team, elite coordinate each other, play up strengths and avoid weaknesses to turn the company into a successful enterprise.

3. CONCLUSION

To summarize, excellent corporate culture will ensure the survival and development enterprise itself. Corporate culture determines the quality of the enterprise. The quality of an enterprise determines its competitiveness. Good corporate culture is not only lead corporate strategy formulation and implementation, but also the foundation of business. It is source about enterprise to grow and expand.

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