

# Study of the Concepts and Theories of Corporate Strategy

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**Abstract:** This study discusses and analyses the concepts and theories of corporate strategy. Firstly, it introduces the concept of corporate strategy, then it introduces the types and characteristics of corporate strategy, and finally it introduces the theoretical knowledge related to the strategy formulation and implementation of enterprises. By studying the concepts and theories of corporate strategy, it can help companies to identify key factors, formulate effective strategic goals and strategies, and assess their impact on organisational performance. In addition, the findings can provide academics with new theoretical perspectives and research methods to promote the further development of corporate strategy research.

**Keywords:** Corporate Strategy, Concept, Theory.

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## 1. Introduction

Corporate strategy refers to an organisation's decision on the course of action and resource allocation to achieve long-term goals in a given environment. In a competitive business environment, the development and implementation of an effective corporate strategy is critical to the success of an organisation. The conceptual and theoretical study of corporate strategy aims to provide insights into the processes, factors and influencing mechanisms of corporate strategy formulation and its impact on organisational performance and sustainable development. The context of this study is the current changing global economy and increased competition, where firms are facing increasing challenges and opportunities. Against this background, studying the concepts and theories of corporate strategy can help companies better understand and respond to changes in the external environment, seize market opportunities, and improve competitiveness. At the same time, the research can also promote the further development of the theory and practice of corporate strategic management, and provide guidance and decision support for organisations. The significance of this study is to provide an in-depth understanding and analysis of corporate strategy to guide organisations in formulating and implementing strategy. By examining the concepts and theories of corporate strategy, it can help organisations to identify key factors, formulate effective strategic objectives and strategies, and assess their impact on organisational performance. In addition, the results of the study can provide academics with new theoretical perspectives and research methods to promote the further development of corporate strategy research.

## 2. Analysis of the Concept of Corporate Strategy

Corporate strategy refers to the action plan and resource allocation programme formulated by an enterprise to achieve its long-term goals. It is a strategy to determine the development direction and core competitiveness of an enterprise through analysis and evaluation based on changes in the external environment and internal resource conditions. Enterprise strategy is the overall deployment of the

enterprise's business activities, involving the enterprise's mission, vision, values, as well as the enterprise's positioning and development path in the market competition.

In the analysis of the concept of enterprise strategy, it is first necessary to clarify the characteristics and objectives of enterprise strategy. The characteristics of enterprise strategy are long-term, comprehensive and holistic. The long-term nature is reflected in the fact that enterprise strategy is formulated to achieve the long-term development goals of the enterprise, rather than the pursuit of short-term interests. Comprehensiveness emphasises the need for corporate strategy to take into account the impact of a variety of internal and external factors and to integrate various resources and capabilities in decision-making. Holistic emphasises that corporate strategy needs to be planned and adjusted at the level of the whole enterprise to ensure coordination and consistency between various departments and links.

Second, corporate strategy needs to match the external environment. The external environment refers to the enterprise in the industry competition environment, policies and regulations, economic environment and other factors, the enterprise needs to according to the changes in the external environment, accordingly adjust and change their own strategy. Enterprise strategy needs to match the external environment to adapt to changes in market demand and maintain competitive advantage.

In addition, enterprise strategy also needs to consider the configuration and integration of internal resources and capabilities. The resources of an enterprise include a variety of tangible and intangible assets, such as human resources, financial resources, technological resources and so on. Enterprise strategy needs to rationally configure and integrate these resources in order to improve the core competitiveness and market position of the enterprise. At the same time, enterprise strategy also needs to pay attention to the ability training of employees and team building in order to achieve the effective implementation of enterprise strategy.

Finally, enterprise strategy needs to reach the goal by formulating and implementing corresponding strategic programmes. The formulation of corporate strategy includes determining the mission and vision of the enterprise, analysing the internal and external environment, identifying competitors and market opportunities, and formulating core

competitive strategies and development paths. The implementation of corporate strategy involves concretising strategic objectives, formulating corresponding action plans, and organising and coordinating to ensure that the strategy can be implemented effectively.

### **3. Types and Characteristics of Enterprise Strategy**

Enterprise strategy refers to a series of action plans and decision-making directions formulated by an enterprise in the pursuit of long-term competitive advantage and sustainable development. Depending on the characteristics and objectives of the enterprise, corporate strategy can be divided into various types. This section will introduce the common types of corporate strategies and their characteristics.

Firstly, market-oriented strategy is a market demand-oriented strategy. The core of this strategy is to make accurate forecasts and analyses of the market so as to determine appropriate product positioning and market positioning. This strategy usually involves decisions on market segmentation, target market selection, market positioning and market strategy. Market-oriented strategy is characterised by focusing on the collection and analysis of market information in order to meet market demands and gain competitive advantage.

Secondly, cost leadership strategy is a strategy in which low cost is the main competitive advantage. The core of this strategy is to achieve price reductions by reducing production costs or increasing production efficiency in order to provide competitive products in the market. The cost leadership strategy is characterised by the pursuit of economies of scale, lower production costs and higher production efficiencies in order to gain a competitive price advantage in the market.

Thirdly, differentiation strategy is a strategy to achieve competitive advantage through product or service differentiation. The core of this strategy is to make the enterprise's products or services have unique advantages and characteristics in the market through product innovation, service upgrading or brand building, so as to attract consumers and obtain high-value sales. Differentiation strategy is characterised by focusing on the uniqueness and innovativeness of the product or service to meet the individual needs of consumers and obtain high added value.

Fourth, concentration strategy is a strategy to achieve competitive advantage by focusing on a single business area or market segment. The core of this strategy is to develop a leading position in a core business or target market by concentrating resources and efforts on that area or market. Concentration strategy is characterised by focusing and intensively developing the core business or target market in order to gain refined operational and competitive advantages.

### **4. Formulation and Implementation of Corporate Strategy**

Corporate strategy refers to a series of action plans and decisions formulated by an enterprise to achieve its long-term goals within a specific period of time. The formulation and implementation of enterprise strategy is a complex and critical process, which directly affects the development and competitive advantage of the enterprise.

In the process of formulating enterprise strategy, it is first necessary to carry out environmental analysis. Enterprises need to have a comprehensive understanding of the internal

and external environments, including the market environment, the industry competitive environment, the political and legal environment and so on. By analysing the environment, the enterprise can find the entry point and opportunity to formulate a strategy suitable for the enterprise itself.

Secondly, enterprises need to clarify their goals and visions. These goals and visions are generally long-term and need to be consistent with the mission and values of the enterprise. The enterprise's goals should be achievable, specific, and matched to the enterprise's current resources and capabilities.

Next, the firm should define the chosen strategic direction. According to the enterprise's objectives and the results of environmental analysis, the enterprise can choose different strategic directions, such as market expansion strategy, product differentiation strategy, cost leadership strategy and so on. When choosing a strategic direction, an enterprise should take into account its own resources and capabilities, as well as the market demand and competitive situation.

After formulating the strategy, the enterprise needs to develop a detailed implementation plan. The implementation plan includes specific action steps, time schedule, resource allocation and so on. In the development of the implementation plan, the enterprise needs to be the whole organisation's resources and capabilities for a reasonable configuration, to ensure the smooth implementation of the strategy.

At the same time, enterprises also need to establish an effective strategy implementation mechanism. The strategy implementation mechanism includes the adjustment of organisational structure, the establishment of performance appraisal system, the construction of communication and coordination mechanism. Through the establishment of an effective strategy implementation mechanism, enterprises can ensure the smooth implementation of the strategy, to ensure that the various departments of the organisation and employees can contribute their own strength.

In the implementation process of enterprise strategy, it is also necessary to continuously carry out strategic assessment and adjustment. Enterprises should establish a perfect performance evaluation system to track the effect of strategy implementation, identify problems and make adjustments in a timely manner. Only through continuous strategic evaluation and adjustment can enterprises adapt to the changing market environment and maintain competitive advantages.

### **5. Conclusion**

To sum up, enterprise strategy is the action plan and resource allocation programme formulated by the enterprise to achieve long-term goals. It matches the external environment, gives full consideration to the integration of internal resources and capabilities, and achieves goals through the formulation and implementation of strategic programmes. The formulation and implementation of enterprise strategy is of great significance to the long-term development of the enterprise and the maintenance of its competitive advantage. Corporate strategy can be divided into various types according to the objectives and characteristics of the enterprise, such as market-oriented strategy, cost leadership strategy, differentiation strategy and concentration strategy. Each type of strategy has its specific characteristics and applicable scenarios. Enterprises can choose the appropriate type of strategy according to their own situation, and continuously adjust and optimise their strategies

according to market demand and competitive environment. The formulation and implementation of enterprise strategy is a complex and critical process. Enterprises need to promote strategy implementation through environmental analysis, clarifying objectives, choosing strategic directions, formulating implementation plans, establishing strategy implementation mechanisms, and conducting strategy evaluation and adjustment. Only in the process of rational formulation and implementation can enterprises achieve sustained competitive advantage and sustainable development.

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