

Topic- EXPANSION OR GROWTH STRATEGY

All organizations plan and work for expansion. This is why expansion strategy is the most popular and common among the corporate strategies. The expansion strategy is adopted when an organization aims at a high growth rate. A growing economy, flourishing markets, satisfying customer needs offer various opportunities for growth or expansion to companies. Growth strategy aims to achieve a higher level of objectives in terms of market share or sales revenue than what the organization achieved in the past.

The reasons for using the growth strategy are as follows:

- It indicates the effectiveness of the organization, and therefore attracts efficient management.
- It provides strength and motivates the present employees.
- It helps an organization to face frequent changes in technology and other external conditions like threat and opportunities.
- It helps an organization to achieve important performance rewards like size expansion and experience over time.
- It results in higher compensation for the executives. It also satisfies power and recognition needs of the organization.

- It encourages the organization to enter new challenging fields and face rigorous competition in the market.

Internally, the organizations should be strong enough to sustain expansion and must have adequate funds for investment in the additional resources required for expansion. A growth strategy aims to achieve a higher level of objectives in terms of market share or sales revenue than what the organization achieved in the immediate past. An addition of new products in the existing product line, the removal of some products from the production and expansion through mergers are various kinds of growth strategies. The expansion strategy varies according to different situations available within the organization. The following are the types of expansion strategies that can be applied in different situations:

- Expansion through concentration
- Expansion through integration
- Expansion through diversification
- Expansion through cooperation
- Intensive growth strategy
- Expansion through globalisation