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II SEMESTER M.COM EXAMINATIONS APRIL 2018		
SUBJECT: STRATEGIC MANAGEMENT		
Duration: 2.5 Hours		Max. Marks: 70
<b>SECTION - A</b>		
<b>I)</b>	<b>Answer any EIGHT of the following questions.</b>	<b>(8x2=16)</b>
	1. What is environmental scanning?	
	2. Who are consultants?	
	3. What do you mean by implementation of strategy?	
	4. What is a merger?	
	5. Define Business Ethics	
	6. What is meant by Expansion Strategy?	
	7. What is an organic organisation?	
	8. Define competitive advantage.	
	9. What is Premise Control?	
	10. Define strategy.	
	11. What is Insider Trading?	
	12. What is retrenchment?	
<b>SECTION - B</b>		
<b>II)</b>	<b>Answer any THREE of the following questions.</b>	<b>(3x8=24)</b>
	13. Discuss the planning principles.	
	14. What is ETOP? Discuss the steps for preparing ETOP.	
	15. What are the types of strategic control?	
	16. Bring out the implications of strategic management process?	
	17. Discuss the merits of functional structure.	
<b>SECTION - C</b>		
<b>III)</b>	<b>Answer any ONE of the following questions.</b>	<b>(1x15=15)</b>
	18. Explain Porter's Five Forces Analysis.	
	19. Explain the classification of strategies.	
	20. Explain the types of diversification. Give reasons for diversification.	
<b>SECTION - D</b>		
<b>IV)</b>	<b>Analyze the case and answer the questions.</b>	<b>(1x15=15)</b>
	21. Tangy spices Ltd, the countries' biggest spices marketer has decided to launch a hostile bid for Italy's major spice marketer Chilliano. This is a rare case of an Indian company making an unsolicited hostile bid for a foreign company. The Tangy Spices Ltd. has competencies in Indian spices. The major destination markets for the Tangy spices Ltd. exports have been the Europe and America. The competencies of Chilliano lie in Italian herbs and spices. The Indian company with the takeover wishes to synergies its operations in the world	

market. It also wants to take advantage of the reach enjoyed by the Italian company in several countries where its products are not being sold presently. The move of hostile takeover follows Chilliano's rejection to an agreement entered a year back. At that time Chilliano was suffering losses and it offered majority shares at a price of € 2.25. A total of 20% shares were transferred at that time. In one year Chilliano was able to turnaround its operations and the company made handsome profits in the last quarter. The promoters who have residual holding of 35% in the company are reluctant to transfer the shares now. They have rejected the agreement with a plea that the earlier offer price was not sufficient. Tangy spices ltd has revised its offer to € 2.95. By this lucrative offer some of the large shareholders of Chilliano reveal their interest for selling their stakes. On the other hand, promoters maintained their position on this matter. Through the process of buying of shares in the market the Tangy spices Ltd. gradually consolidated its holding in Chilliano to 45%. Being a major shareholder they were ready for a takeover. At the same time, Tangy spices Ltd. was trying hard to improve their position so that they do not leave any space for Chilliano's promoters in future.

1. What strategic alternative is followed by Tangy spices Ltd?
2. Is the hostile takeover by an Indian company appropriate?
3. Why the Tangy Spices Ltd. is interested in this takeover?

## SCHEME OF VALUATION

### SECTION - A

1. Environmental scanning is a process that systematically surveys and interprets relevant data to identify external opportunities and threats.
2. A consultant is a professional who provides expert advice in a particular area such as security, management, education, accountancy, law, human resources, marketing, finance, engineering, science etc.
3. Strategy implementation is the translation of chosen strategy into organizational action so as to achieve strategic goals and objectives.
4. A merger a combination of two things, especially companies, into one.
5. Business ethics is the study of proper business policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities.
6. The Expansion Strategy is adopted by an organization when it attempts to achieve a high growth as compared to its past achievements.
7. An organic organization is one that is very flexible and is able to adapt well to changes. Its structure is identified as having little job specialization, few layers of management, decentralized decision-making and not much direct supervision.
8. Competitive advantage is a condition or circumstance that puts a company in a favourable or superior business position.
9. Strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises and making necessary adjustments.
10. A strategy is a plan of action designed to achieve a long-term or overall aim.
11. Insider trading is the illegal practice of trading on the stock exchange to one's own advantage through having access to confidential information.
12. Retrenchment is the reduction of costs or spending in response to economic difficulty.

## SECTION - B

13. Planning principles-
- a. Principle of contribution of objectives
  - b. Principle of primacy of planning
  - c. Principle of alternatives
  - d. Principle of timing
  - e. Principle of commitment
  - f. Principle of flexibility
- (2 marks each for explanation of at least 4 principles)**
14. Environmental threat and opportunity profile. Steps in preparing ETOP-
- a. Identification of different components of relevant environment
  - b. Assigning significance of environmental factors
  - c. Assessing impact factor
  - d. Combining significance and impact factor
- (2 marks each for explanation of 4 steps)**
15. Types of strategic control-
- a. Premise control
  - b. Implementation control
  - c. Strategic surveillance control
  - d. Special alert control
- (2 marks each for explanation of 4 types)**
16. Implications of strategic management process-
- a. Change in any component affects all or several components
  - b. Strategy formulation and implementation are logical or sequential
  - c. There is a need feed back
  - d. The strategic management is a dynamic process
- (2 marks each for explanation of 4 points)**
17. Merits of functional structure
- a. Benefits of specialization
  - b. Expert knowledge
  - c. Reduced pressure of work
  - d. Encourages large scale operations
  - e. Guaranteed internal discipline
- (2 marks each for explanation of 4 points)**

## SECTION C

18. Porter's model- The five forces model of analysis was developed by Michael Porter to analyze the competitive environment in which a product or company works.

- a. The threat of entry
  - b. Supplier power
  - c. Buyer power
  - d. Threat of substitutes
  - e. Competitive rivalry
- (3 marks each for explanation of 5 forces)**

19. Classification of strategies-

- a. On the basis of scope- grand/generic strategy, programme strategies
  - b. On the basis of level- corporate level, business level, functional level
  - c. On the basis of direction-stability, expansion, diversification, retrenchment
- (5 marks each for explanation of 3 classifications)**

20. Types of diversification- The three types of diversification strategies include the concentric, horizontal and conglomerate.

Reasons- it brings synergistic benefits, it spreads the risk, better utilization of resources, developing competitive edge, diversification makes firm dominant in markets.

**(3 marks each for explanation of 3 types, 6 marks for reasons)**

**SECTION - D**

21. The case is about strategic management of Tangy spices Ltd. The answers to the questions depend on the concepts taught in class and on the student's perception about the situation.

**(5 marks for each answer)**