

Chapter 1

Question Bank

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1.1 Concept of Strategy

Q1.	<p>Strategy is partly proactive and partly reactive. Discuss. (RTP, May 2018, NA) (SA, Nov 2018, 5 marks) (MTP 1, Nov 2019, 5 marks) (RTP, Nov 2020, NA) (MTP 1, May 2021, 5 marks) (Study Material)</p> <p>It is true that strategies are partly proactive and partly reactive. In proactive strategy, organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner. However, in reality no company can forecast both internal and external environment exactly. Everything cannot be planned in advance. It is not possible to anticipate moves of rival firms, consumer behaviour, evolving technologies and so on.</p> <p>There can be significant deviations between what was visualized and what actually happens. Strategies need to be attuned or modified in the light of possible environmental changes. There can be significant or major strategic changes when the environment demands. Reactive strategy is triggered by the changes in the environment and provides ways and means to cope with the negative factors or take advantage of emerging opportunities.</p>
Q2.	<p>Correct / Incorrect Every strategic move is the result of proactive planning. (MTP, May 2018, 2 marks)</p> <p>The statement is incorrect.</p> <p>In business, things happen that cannot be fully anticipated or planned for. When market and competitive conditions take an unexpected turn or some aspect of a company's strategy hits a stone wall, some kind of strategic reaction or adjustment is required.</p>
Q3.	<p>Yummy Foods and Tasty Foods are successfully competing in the business of ready to eat snacks in Patna. Yummy has been pioneer in introducing innovative products. These products will give them good sale. However, Tasty Foods will introduce similar products in reaction to the products introduced by the Yummy Foods taking away the advantage gained by the former.</p> <p>Discuss the strategic approach of the two companies. Which is superior? (RTP, Nov 2018, NA) (MTP 1, Nov 2021, 5 Marks) (Study Material)</p> <p>Yummy foods is proactive in its approach. On the other hand Tasty Food is reactive. Proactive strategy is planned strategy whereas reactive strategy is adaptive reaction to changing circumstances. A company's strategy is typically a blend of proactive actions on the part of managers to improve the company's market position and financial performance and reactions to unanticipated developments and fresh market conditions.</p> <p>If organisational resources permit, it is better to be proactive rather than reactive. Being proactive in aspects such as introducing new products will give you advantage in the mind of customers.</p>

	At the same time, crafting a strategy involves stitching together a proactive/intended strategy and then adapting first one piece and then another as circumstances surrounding the company's situation change or better options emerge-a reactive/adaptive strategy. This aspect can be accomplished by Yummy Foods.
Q4.	Which of the following statement is not true with regards to strategy? (a) Strategy reduces uncertainty. (b) Strategy is long range blueprint of desired position. (c) Strategy relates organisations to the external environment. (d) Strategy is perfect and flawless. (RTP, May 2019, NA)
	Correct answer: (d) Strategy is perfect and flawless.
Q5.	Strategy helps in: a. Unravelling complexity b. Reduce uncertainty c. Relate the goals with the resources. d. All of Above. (MTP 2, May 2019, 1 mark)
	Correct answer: (d) All of the above
Q6.	Strategy is- (a) Proactive in action (b) Reactive in action (c) A blend of proactive and reactive actions (d) None of the above (RTP, May 2020, NA)
	Correct answer: (c) A blend of proactive and reactive actions.
Q7.	Which of the following is correct? (a) Strategy is always pragmatic and not flexible (b) Strategy is not always perfect, flawless and optimal (c) Strategy is always perfect, flawless and optimal (d) Strategy is always flexible but not pragmatic (MTP 1, May 2021, 2 marks)
	Correct answer: (b) Strategy is not always perfect, flawless and optimal
Q8.	Kamal Sweets Corner, a very popular sweets shop in Ranchi, was facing tough competition from branded stores of packaged sweets and imported goods. The owners realised that their business reduced by 50% in the last six months, and this created a stressful business environment for them. To find a solution, they consulted a business consultant to help them develop a strategy to fight competition and sustain their century old family business. The business consultant advised them to innovate a new snack for the public and market it as a traditional snack of the region. The owners liked the idea and developed a new snack called Dahi Samosa, which very quickly became popular amongst the public and it helped regain the lost business of Kamal Sweets Corner.

	<p>One of the very crucial importance of strategic management was used by the business consultant to help the owners of Kamal Sweets Corner. Which one could it be? Also, was this strategy Reactive or Proactive? According to you who are more beneficial in general parlance?</p> <p>(MTP, May 2021, 5 marks) (Study Material)</p> <p>The strategy used here was of developing a competitive advantage via product which helped Kamal Sweets Corner regain their lost business. This is also one of the major importance cum advantage of strategic management, that is helps to develop core competencies and competitive advantages to overcome competition.</p> <p>This strategy was a Reactive strategy. Wherein, the owners saw their business fall to 50% of revenue and then seeking a strategic advisory. They did not plan proactively as to when the new shops were already opening. They reacted only when the business started to lose up.</p> <p>Generally, it is always beneficial to develop strategies proactively, so that the dip in businesses is small and manageable, and even if they are huge, the management has ample time to fix it.</p>
Q9.	<p>ALBELA' Foods and 'JustBE' Foods are successfully competing chain of restaurants in India. ALBELA' s are known for their innovative approach, which has resulted in good revenues. On the other hand, JustBE is slow in responding to environmental change. The initial stages of Covid-19 pandemic and the ensuring strict lockdown had an adverse impact on both the companies. Realizing its severity and future consequences. ALBELA, foods immediately chalked out its post lockdown strategies, which include initiatives like:</p> <p>(a) Contactless dinning (b) New category of foods in the menu for boosting immunity (c) Improving safety measures and hygiene standards (d) Introducing online food delivery app</p> <p>Seeing the positive buzz around these measures taken by ALBELA Food, JustBE Foods also thinks to introduce these measures.</p> <p>(i) Identify the strategic approach taken by 'ALBELA' Foods and 'JustBE' Foods. (ii) Discuss these strategic approach. (iii) Which strategic approach is better and why?</p> <p>(SA, May 2021, 5 marks)</p> <p>(i) 'ALBELA' foods is proactive in its approach. On the other hand, 'JustBE' foods is reactive in its approach.</p> <p>(ii)</p> <ul style="list-style-type: none"> • Proactive strategy is planned strategy. While continuing with the previously initiated business approaches that are working well, the newly launched managerial initiatives aim to strengthen the company's overall position and performance. These are outcomes of management's analysis and strategic thinking about the company's situation and its conclusions about the positioning of the company in the marketplace. If done well, it helps the company to effectively compete for buyer patronage. • Reactive strategy is an adaptive reaction to changing circumstances. It is not always possible for a company to fully anticipate or plan for changes in the market. There is also a need to adapt strategy as new learnings emerge about which pieces of strategy are working well and which aren't. By itself also, the management may hit upon new ideas for improving the current strategy. <p>(iii) In reference to the given case, proactive strategy seems to be better because ALBELA foods had been able to utilise available opportunities, reduce adverse impact, enhance the demand for product and is also able to avail the first mover advantage.</p>

Q10.	<p>An organisation during its strategy planning envisaged entire scenarios and created a strategy framework. But in mean time after implementation, it realised that its framework is not effective in certain unique scenarios. What is the reason for the same?</p> <p>(a) Strategy is "partly proactive and Partly reactive" (b) Lack of analysis and proper planning. (c) Strategy is highly reactive and highly proactive. (d) Improper creation of strategic framework</p> <p>(RTP, Nov 2021, NA)</p>
	<p>Correct answer: (a) Strategy is "partly proactive and Partly reactive"</p>

1.2 Strategic Management

Q1.	<p>Define Strategic Management.</p> <p>(RTP, May 2018, NA)</p>
	<p>The term 'strategic management' refers to the managerial process of developing a strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy, and initiating corrective adjustments where deemed appropriate.</p>
Q2.	<p>Correct / Incorrect</p> <p>Strategic management involves huge cost.</p> <p>(RTP, May 2018, NA)</p>
	<p>The statement is correct.</p> <p>Strategic management is a costly process. Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged. Efforts are made for analysis of external and internal environments, devise strategies and properly implement them. These can be really costly for organisations with limited resources particularly when small and medium organisation create strategies to compete.</p>
Q3.	<p>The presence of strategic management cannot counter all hindrances and always achieve success for an organisation. What are the limitations attached to strategic management?</p> <p>(RTP, May 2018, NA) (MTP 1, May 2019, 5 Marks) (MTP 2, May 2021, 5 Marks) (MTP 1, May 2022, 5 Marks) (Study Material)</p> <p>Or</p> <p>Are there any limitations attached to strategic management in organizations? Discuss.</p> <p>(RTP, May 2019, NA) (MTP 1, May 2020, 5 Marks) (Study Material)</p>
	<p>The presence of strategic management cannot counter all hindrances and always achieve success as there are limitations attached to strategic management. These can be explained in the following lines:</p> <ul style="list-style-type: none"> • Environment is highly complex and turbulent. It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate

	<p>about its future shape may awfully go wrong and jeopardise all strategic plans. The environment affects as the organisation has to deal with suppliers, customers, governments and other external factors.</p> <ul style="list-style-type: none"> • Strategic Management is a time-consuming process. Organisations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business. • Strategic Management is a costly process. Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments devise strategies and properly implement. These can be really costly for organisations with limited resources particularly when small and medium organisation create strategies to compete. • In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to the strategies.
Q4.	<p>Briefly explain the importance of strategic management. (MTP 1, May 2018, 5 marks) (RTP, Nov 2018, NA) (MTP 2, Nov 2018, 5 marks)</p> <p>Or</p> <p>"Each organization must build its competitive advantage keeping in mind the business warfare. This can be done by following the process of strategic management". Considering its statement, explain major benefits of strategic management. (SA, Nov 2021, 5 Marks)</p> <p>Each organization has to build its competitive advantage over the competitors in the business warfare in order to win. This can be done only by following the process of strategic management. Strategic Management is very important for the survival and growth of business organizations in dynamic business environment. Other major benefits of strategic management are as follows:</p> <ul style="list-style-type: none"> • It helps organizations to be more proactive rather than reactive in dealing with its future. It facilitates the organisations to work within vagaries of environment and remains adaptable with the turbulence or uncertain future. Therefore, they are able to control their own destiny in a better way. • It provides better guidance to entire organization on the crucial point – what it is trying to do. Also provides framework for all major business decisions of an enterprise such a decision on businesses, products, markets, organization structures, etc. • It facilitates to prepare the organization to face the future and act as pathfinder to various business opportunities. Organizations are able to identify the available opportunities and identify ways and means as how to reach them. • It serves as a corporate defence mechanism against mistakes and pitfalls. It helps organizations to avoid costly mistakes in product market choices or investments. • Over a period of time, strategic management helps organizations to evolve certain core competencies and competitive advantages that assist in the fight for survival and growth.
Q5.	<p>Is strategic management a bundle of tricks and magic? Elucidate the statement. (MTP 2, May 2018, 5 marks)</p> <p>Strategic management is not a bundle of tricks and magic. The term strategic management refers to the managerial process of forming a strategic vision, setting objectives, crafting a strategy,</p>

	<p>implementing and executing the strategy, and then over a period of time initiating whatever corrective adjustments in the vision, objectives, strategy, and execution are deemed appropriate.</p> <p>Strategic Management is a deliberate managerial process that involves systematic and analytical thinking. It involves systematic and analytical thinking and action. Although, the success or failure of a strategy is dependent on several extraneous factors, it cannot be stated that a strategy is a trick or magic.</p> <p>Formation of strategy requires careful planning and requires strong conceptual, analytical, and visionary skills.</p>
Q6.	<p>Define Strategic Management. Also discuss the limitations of Strategic Management. (SA, May 2018, 5 Marks) (RTP, May 2021, NA) (RTP, Nov 2021, NA)</p> <p>The term 'strategic management' refers to the managerial process of developing a strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy, and initiating corrective adjustments where deemed appropriate.</p> <p>The presence of strategic management cannot counter all hindrances and always achieve success as there are limitations attached to strategic management. These can be explained in the following lines:</p> <ul style="list-style-type: none"> • Environment is highly complex and turbulent. It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate about its future shape may awfully go wrong and jeopardise all strategic plans. The environment affects as the organisation has to deal with suppliers, customers, governments and other external factors. • Strategic Management is a time-consuming process. Organisations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business. • Strategic Management is a costly process. Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments devise strategies and properly implement. These can be really costly for organisations with limited resources particularly when small and medium organisation create strategies to compete. • Competition is unpredictable. In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to the strategies.
Q7.	<p>What benefits accrue by following a strategic approach to managing? (RTP, Nov 2018, NA) (MTP 1, Nov 2020, 5 Marks)</p> <p>The following are the benefits of strategic approach to managing:</p> <ul style="list-style-type: none"> • Strategic management helps organisations to be more proactive instead of reactive in shaping its future. Organisations are able to analyse and take actions instead of being mere spectators. Thereby they are able to control their own destiny in a better manner. It helps them in working within vagaries of environment and shaping it, instead of getting carried away by its turbulence or uncertainties. • Strategic management provides framework for all the major decisions of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational structure. It provides better guidance to entire organisation on the crucial point - what it is trying to do. • Strategic management is concerned with ensuring a good future for the firm. It seeks to prepare the corporation to face the future and act as pathfinder to various business

	<p>opportunities. Organisations are able to identify the available opportunities and identify ways and means as how to reach them.</p> <ul style="list-style-type: none"> • Strategic management serves as a corporate defence mechanism against mistakes and pitfalls. It help organisations to avoid costly mistakes in product market choices or investments. Over a period of time strategic management helps organisation to evolve certain core competencies and competitive advantages that assist in its fight for survival and growth.
Q8.	<p>What can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives?</p> <p>a. Strategy formulation b. Strategy evaluation c. Strategy implementation d. Strategic management</p> <p>(MTP 1, MAY 2019, 1 Mark)</p>
	<p>Correct answer: (d) Strategic management</p>
Q9.	<p>Which of the following statements correctly explain strategic management?</p> <p>(i) Strategic management provides framework for major decisions. (ii) Strategic management helps to enhance the longevity of the business. (iii) Strategic management is an inexpensive process. (iv) Strategic management helps organisation to be more reactive than proactive.</p> <p>(A) (i) and (ii) (B) (i), (ii) and (iii) (C) (i), (ii) and (iv) (D) (i), (iii) and (iv)</p> <p>(RTP, Nov 2019, NA)</p>
	<p>Correct answer: (A) (i) and (ii)</p>
Q10.	<p>Ramesh Sharma has fifteen stores selling consumer durables in Delhi Region. Four of these stores were opened in last three years. He believes in managing strategically and enjoyed significant sales of refrigerator, televisions, washing machines, air conditioners and like till four years back. With shift to the purchases to online stores, the sales of his stores came down to about seventy per cent in last four years.</p> <p>Analyse the position of Ramesh Sharma in light of limitations of strategic management.</p> <p>(RTP, Nov 2019, NA) (RTP, Nov 2020, NA) (Study Material)</p>
	<p>Ramesh Sharma is facing declining sales on account of large scale shift of customers to online stores. While he is using the tools of strategic management, they cannot counter all hindrances and always achieve success. There are limitations attached to strategic management as follows:</p> <ul style="list-style-type: none"> • Environment under which strategies are made is highly complex and turbulent. Entry of online stores, a new kind of competitor brought a different dimension to selling consumer durables. Online stores with their size power could control the market and offer stiff competition to traditional stores. • Another limitation of strategic management is that it is difficult to predict how things will shape-up in future. Ramesh Sharma, although managing strategically failed to see how online stores will impact the sales.

	<ul style="list-style-type: none"> • Although, strategic management is a time-consuming process, he should continue to manage strategically. The challenging times require more efforts on his part. • Strategic management is costly. Ramesh Sharma may consider engaging experts to find out preferences of the customers and attune his strategies to better serve them in a customized manner. Such customized offerings may be difficult to match by the online stores. • The stores owned by Ramesh Sharma are much smaller than online stores. It is very difficult for him to visualize how online stores will be moving strategically.
Q11.	<p>Strategic management helps an organization to work through changes in environment to gain competitive advantage. In light of statement discuss its benefits. (RTP, Nov 2019, NA) (MTP 2, Nov 2021, 5 Marks)</p> <p>Strategic management involves developing the company's vision, environmental scanning, strategy formulation, implementation, evaluation and control. It emphasises the monitoring and evaluation of external opportunities and threats in the light of a company's strengths and weaknesses and designing strategies for the survival and growth. It helps in creation of competitive advantage to outperform the competitors and also guide the company successfully through all changes in the environment.</p> <p>The major benefits of strategic management are:</p> <ul style="list-style-type: none"> • Strategic management gives a direction to the company to move ahead. It defines the goals and mission. • It helps organisations to be proactive instead of reactive in shaping its future. • It provides framework for all major decisions of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational structure. It provides better guidance to entire organisation on the crucial point - what it is trying to do. • It helps organisations to identify the available opportunities and identify ways and means to achieve them. • It serves as a corporate defence mechanism against mistakes and pitfalls. • It helps to enhance the longevity of the business. • It helps the organisation to develop certain core competencies and competitive advantages that would facilitate survival and growth.
Q12.	<p>Developing vision and mission, identifying an organisation's external opportunities and threats, and determining internal strengths and weaknesses are:</p> <p>(a) SBU planning (b) Strategy formulation (c) Strategy implementation (d) Business process reengineering (MTP 1, MAY 2021, 2 Marks)</p> <p>Correct answer: (b) Strategy formulation</p>
Q13.	<p>'Strategic Management is not a panacea for all the corporate ills, it has its own pitfalls which can't counter all hindrances and always achieve success'. Do you agree with this statement? Discuss. (SA, May 2019, 5 Marks)</p> <p>It is true that the strategic management is not a panacea for all corporate ills. This is on account of complex multiple forces acting on business organization and limiting its success.</p>

	<p>These limitations are on account of following factors:</p> <ul style="list-style-type: none"> • Environment is highly complex and turbulent. It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate about its future shape may awfully go wrong and jeopardise all strategic plans. • Strategic management is a time-consuming process. Organisations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business. • Strategic management is a costly process. Strategic management adds a lot of expenses to an organization – particularly to small and medium organisations. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments devise strategies and properly implement. • Competition is unpredictable. In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to the strategies.
Q14.	<p>What is Strategic Management? What benefits accrue by following a strategic approach to managing?</p> <p>(Study Material)</p> <p>The term 'strategic management' refers to the managerial process of developing a strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy, and initiating corrective adjustments where deemed appropriate.</p> <p>The overall objective of strategic management is two fold:</p> <ul style="list-style-type: none"> • To create competitive advantage , so that the company can outperform the competitors in order to have dominance over the market. • To guide the company successfully through all changes in the environment. <p>The following are the benefits of strategic approach to managing:</p> <ul style="list-style-type: none"> • Strategic management helps organisations to be more proactive instead of reactive in shaping its future. Organisations are able to analyse and take actions instead of being mere spectators. Thereby they are able to control their own destiny in a better manner. It helps them in working within vagaries of environment and shaping it, instead of getting carried away by its turbulence or uncertainties. • Strategic management provides framework for all the major decisions of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational structure. It provides better guidance to entire organisation on the crucial point - what it is trying to do. • Strategic management is concerned with ensuring a good future for the firm. It seeks to prepare the corporation to face the future and act as pathfinder to various business opportunities. Organisations are able to identify the available opportunities and identify ways and means as how to reach them. • Strategic management serves as a corporate defence mechanism against mistakes and pitfalls. It help organisations to avoid costly mistakes in product market choices or investments. Over a period of time strategic management helps organisation to evolve certain core competencies and competitive advantages that assist in its fight for survival and growth.

1.3 Strategic levels in Organisation

Q1.	<p>Define the role of corporate level managers. (RTP, Nov 2018, NA)</p> <p>Corporate-level managers participate in strategic decision making within the organization. The role of corporate-level managers is to oversee the development of strategies for the whole organization. This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses, formulating and implementing strategies that span individual businesses, and providing leadership for the organization.</p>
Q2.	<p>Correct / Incorrect. Control systems run parallel with strategic levels. (RTP, Nov 2018, NA)</p> <p>The statement is correct.</p> <p>There are three strategic levels in an organisation – corporate, business and functional. Control systems are required at all the three levels. At the top level, strategic controls are built to check whether the strategy is being implemented as planned and the results produced by the strategy are those intended. Down the hierarchy management controls and operational controls are built in the systems. Operational controls are required for day-to-day management of business.</p>
Q3.	<p>Distinguish between the three levels of strategy formulation. (MTP 1, Nov 2018, 5 marks)</p> <p>Or</p> <p>Explain the difference between three levels of strategy formulation. (RTP, May 2020, NA) (Study Material)</p> <p>A typical large organization is a multidivisional organisation that competes in several different businesses. It has separate self-contained divisions to manage each of these. There are three levels of strategy in management of business - corporate, business, and functional.</p> <p>The corporate level of management consists of the chief executive officer and other top level executives. These individuals occupy the apex of decision making within the organization. The role of corporate-level managers is to oversee the development of strategies for the whole organization. This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses and so on rests at the Corporate Level.</p> <p>The development of strategies for individual business areas is the responsibility of the general managers in these different businesses or business level managers. A business unit is a self-contained division with its own functions - for example, finance, production, and marketing. The strategic role of business-level manager, head of the division, is to translate the general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses.</p> <p>Functional-level managers are responsible for the specific business functions or operations such as human resources, purchasing, product development, customer service, and so on. Thus, a functional manager's sphere of responsibility is generally confined to one organizational activity, whereas general managers oversee the operation of a whole company or division.</p>
Q4.	<p>List the different strategic levels in an organisation.</p>

	<p>(SA, Nov 2018, 2 marks)</p> <p>There are three main strategic levels in an organisation:</p> <ul style="list-style-type: none"> · Corporate level – consisting of CEO, Board of Directors and other senior executives. · Business level – Divisional Managers and staff. · Functional level – Functional Managers – Marketing, Finance, Production, Human Resource.
Q5.	<p>Strategic decision making can take place at three common levels of an organisation as follows:</p> <p>(a) Divisional, group and individual. (b) Executive, leader and manager. (c) Corporate, business and functional. (d) Strategic, tactical and operational.</p> <p>(RTP, May 2019, NA)</p>
	<p>Correct answer: (c) Corporate, business and functional</p>
Q6.	<p>Which of the following statement is not true:</p> <p>a. Strategic environment is complex b. Strategic environment is turbulent. c. High cost of strategy makes them useless for charitable organization. d. Public sector units should implement business strategy.</p> <p>(MTP 2, May 2019, 1 mark)</p>
	<p>Correct answer: (c) High cost of strategy makes them useless for charitable organization.</p>
Q7.	<p>Enumerate the task to be performed as a strategic manager of a company.</p> <p>(MTP 2, May 2019, 5 marks)</p>
	<p>The primary tasks of the strategic manager is conceptualizing, designing and executing company strategies.</p> <p>For this purpose, his tasks will include:</p> <ul style="list-style-type: none"> ● Defining the mission and goals of the organization. ● Determining what businesses it should be in. ● Allocating resources among the different businesses. ● Formulating strategies. ● Implementing strategies. ● Providing leadership for the organization.
Q8.	<p>Which of the following are responsible for formulating and developing realistic and attainable strategies?</p> <p>(a) Corporate level and business level managers (b) Corporate level and functional level managers (c) Functional level managers and business level managers (d) Corporate level managers, business level managers and functional level managers</p> <p>(MTP 1, Nov 2019, 1 mark) (RTP, May 2020, NA)</p>
	<p>Correct answer: (d) Corporate level managers, business level managers and functional level managers</p>

Q9.	<p>ABC Limited is in a wide range of businesses which include apparels, lifestyle products, furniture, real estate and electrical products. The company is looking to hire a suitable Chief Executive Officer. Consider yourself as the HR consultant for ABC limited. You have been assigned the task to enlist the activities involved with the role of the Chief Executive Officer. Name the strategic level that this role belongs to and enlist the activities associated with it.</p> <p>(SA, Jan 2021, 5 marks) (Study Material)</p>
	<p>The role of Chief Executive Officer pertains to Corporate level.</p> <p>The corporate level of management consists of the Chief Executive Officer (CEO) and other top-level executives. These individuals occupy the apex of decision making within the organization.</p> <p>The role of Chief Executive Officer is to:</p> <ol style="list-style-type: none"> 1. oversee the development of strategies for the whole organization; 2. defining the mission and goals of the organization; 3. determining what businesses, it should be in; 4. allocating resources among the different businesses; 5. formulating, and implementing strategies that span individual businesses; 6. providing leadership for the organization; 7. ensuring that the corporate and business level strategies which company pursues are consistent with maximizing shareholders wealth; and 8. managing the divestment and acquisition process.
Q10.	<p>Dharam Singh, the procurement department head of Cyclix, a mountain biking equipment company, was recently promoted to look after sales department along with procurement department. His seniors at the corporate level have always liked his way of leadership and are assures that he would ensure the implementation of policies and strategies to the best of his capacity but have never involved him in decision making for the company.</p> <p>Do you think this is the right approach? Validate your answer with logical reasoning around management levels and decision making.</p> <p>(RTP, May 2021, NA) (Study Material)</p>
	<p>Functional managers provide most of the information that makes it possible for business and corporate level managers to formulate realistic and attainable strategies.</p> <p>This is so because functional managers like Dharam Singh are closer to the customer than the typical general manager is. A functional manager may generate important ideas that subsequently may become major strategies for the company. Thus, it is important for general managers to listen closely to the ideas of their functional managers and involve them in decision making.</p> <p>An equally great responsibility for managers at the operational level is strategy implementation: the execution of corporate and business level plans, and if they are involved in formulation, the clarity of thoughts while implementation can benefit too.</p> <p>Thus, the approach of Cylcix Corporate management is not right. They should involve Dharam Singh, as well as other functional managers too in strategic management.</p>
Q11.	<p>Mr. Mehta sharing with his friend in an informal discussion that he has to move very cautiously in his organization as the decisions taken by him has organisation wide impact and involves large commitments of resources. He also said that his decisions decide the future of his organisation. Where will you place Mr. Mehta in the organizational hierarchy and explain his role in the organization.</p> <p>(RTP, Nov 2021, NA)</p>

	<p>Mr. Mehta works in an organization at top level. He participates in strategic decision making within the organization. The role of corporate-level managers is to oversee the development of strategies for the whole organization. This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses, formulating and implementing strategies that span individual businesses, and providing leadership for the organization.</p>
Q12.	<p>ABC Ltd. currently sells its product in two major markets ± Europe and Asia. While it is a market leader in Europe, ABC Ltd. has struggled to penetrate the more competitive Asian market. ABC Ltd. hired a strategic consultant to analyze the situation and submit his report to them. After the report received from the strategic consultant, it has therefore decided to pull out of Asia entirely and focus on its European markets only. This decision relates to which level in ABC Ltd. and explain the role of managers at this level in the organization.</p> <p>(RTP, May 2022, NA)</p>
	<p>Corporate level strategy relates to the markets and industries that the organization chooses to operate in, as well as other decisions that affect the organization as a whole. The role of corporate-level managers is to oversee the development of strategies for the whole organization. This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses, formulating and implementing strategies that span individual businesses, and providing leadership for the organization.</p>

1.4 Strategic Management in Government and Not for Profit Organisations

Q1.	<p>Health Wellnow is a Delhi based charitable organisation promoting healthy lifestyle amongst the office-goers. It organises programmes to encourage and guide office-goers on matters related to stress relief, yoga, exercises, healthy diet, weight management, work- life balance and so on. Many business organisations and resident welfare associations like services of Health Wellnow. Its daily yoga sessions are very popular in some of the big companies located in Delhi, Noida and Gurgaon. The Health Wellnow has no commercial interest and does not charge any fees for its services. However, the organisation is able to get good charities and has sufficient funds to meet its routine expenses.</p> <p>Do you think the concepts of strategic management are relevant for Health Wellnow? Discuss.</p> <p>(RTP, May 2018, NA) (RTP, May 2020, NA) (Study Material)</p>
	<p>The concepts of strategic management are relevant for Health Wellnow.</p> <p>Organizations can be classified as commercial and non-commercial on the basis of the interest they have. Health Wellnow falls in the category of a non-commercial organisation. While non-commercial organisations may have objectives that are different from the commercial organisations, they need to employ the strategic management tools to efficiently use their resources, generate sufficient surpluses to meet daily expenses and achieve their objectives. In fact, many non-profit and governmental organizations outperform private firms and corporations on innovativeness, motivation, productivity, and human relations.</p> <p>The strategic management in Health Wellnow needs to cover aspects such as:</p> <p>(i) Generate sufficient funds for meeting its objectives.</p> <p>(ii) Efficiently reach office-goers and help them to have health in life.</p>

	<p>(iii) Promote itself to cover more offices, resident welfare associations.</p> <p>(iv) Have a deep collaboration with health experts, including dieticians, psychologist, fitness trainers, yoga experts.</p>
Q2.	<p>Correct / Incorrect</p> <p>Non-profit organizations do not require Strategic Management.</p> <p>(SA, May 2018, 2 marks)</p>
	<p>The statement is Incorrect.</p> <p>Strategic management applies equally to profit as well as non-profit organisations. Similar to commercial organizations, 'not-for-profit' organizations must also have strategies, purpose, vision and mission also. Strategic Management is required to give direction, focus and lead to efficient utilization of resources. In many 'not-for-profit' organizations surpluses are important for their survival and growth.</p>
Q3.	<p>Do you agree with the statement that "Strategic Management concepts are of no use to Government organizations and Medical organizations"? Explain with reasons.</p> <p>(MTP 1, Nov 2018, 5 marks)</p>
	<p>Organizations can be classified as commercial and non-commercial on the basis of the interest they have. Typically, a government or medical organization may function without any commercial objectives. A commercial organization has profit as its main aim. We can find many organizations around us, which do not have any commercial objective of making profits. Their genesis may be for social, charitable, or educational purposes.</p> <p>The strategic-management process is being used effectively by countless non-profit governmental organizations. Many non-profit and governmental organizations outperform private firms and corporations on innovativeness, motivation, productivity, and human resource.</p> <p>Compared to for-profit firms, non-profit and governmental organizations often function as a monopoly, produce a product or service that offers little or no measurability of performance, and are totally dependent on outside financing. Especially for these organizations, strategic management provides an excellent vehicle for developing and justifying requests for needed financial support.</p>
Q4.	<p>Helpbuddy is a not-for-profit organisation providing medical facilities to poor and needy at highly affordable costs. The organisation is dependent on Government grants and donations to manage its affairs. Rohit who is running the organization, believes in taking things as they come and will change the level of activities based on the funds available.</p> <p>Do you think Rohit is right in taking things as they come? What will you advise him?</p> <p>(MTP 2, Nov 2018, 5 marks) (Study Material)</p>
	<p>It is not advisable for any organisation to take things as they come. Organisations whether commercial or non-commercial need proper planning. In fact, the strategic management process is being used effectively by countless non-profit governmental organizations. Many non-profit and governmental organizations outperform private firms and corporations on innovativeness, motivation, productivity, and human relations.</p> <p>Compared to for-profit firms, non-profit and governmental organizations often function as a monopoly, produce a product or service that offers little or no measurability of performance, and are totally dependent on outside financing. Especially for these organizations, strategic management provides an excellent vehicle for developing and justifying requests for needed financial support.</p>

	<p>Rohit needs to understand the importance of strategic management in his organisation. His organisation is also depended on funds from government and donations. On one side, he needs to maintain steady inflow of funds and on the other side he needs to ensure proper utilisation of funds. He can plan to use funds in a manner to maintain similar similar level of continuous services. With proper planning, resources can be better utilised, more funds can be generated and the quality of services maintained.</p>
Q5.	<p>'Do Good Group' is a not-for-profit organization based in northern India working towards childcare. The group educates people towards immunization, sanitation and works in coordination with local hospitals or medical centers. Recently, a new team has taken over the management of its activities. Explain whether tools of strategic Management are relevant for the group.</p> <p>(RTP, May 2019, NA) (Study Material)</p> <p>The tools of strategic management process are effectively being used by a number of not- for-profit or charitable organizations. While 'Do Good Group' may have social and charitable existence, still it has to generate resources and use them wisely to achieve organisational objectives. Organisation needs to be managed strategically, irrespective whether they have profit motive. The strategic Management at 'Do Good Group' should essentially cover:</p> <ul style="list-style-type: none"> • Analyzing and interpreting the strategic intent in terms of vision, mission and objectives. • Generating required resources in terms of finance and manpower (volunteers, paid employees). • Undertaking SWOT analysis from time to time. • Setting goals in the area of childcare. It can be in terms of geographical coverage and number of children. • Analyzing the desired future position with the past and present situation.
Q6.	<p>"Strategic Management concepts are useful for educational institutions." Explain with reasons.</p> <p>(SA, Nov 2019, 5 marks)</p> <p>Education is considered to be a noble profession. An educational institution often functions as a not-for-profit organization managed by trusts and societies. They include schools, colleges and universities. Being inherently non-commercial in nature, educational organisations do not have cut-throat competition as in case of their commercial counterparts. However, as the number of institutions belonging to both public and private sector are increasing, the competition is gradually rising. Key reasons for use of strategic management techniques in educational institutes are as follows:</p> <ul style="list-style-type: none"> • Getting better name and recognition. • Adopt different strategies for attracting best students. • Appointing and retaining quality faculty for teaching. • Deliver education to make graduates more employable. • Nurturing responsible citizens.
Q7.	<p>"There is a need for Strategic Management for government and medical organization too." Comments.</p> <p>(SA, Nov 2020, 5 marks)</p> <p>Yes, there is a need of strategic management for government and medical organizations like the commercial organizations because optimum utilization of resources in view of their scarcity, good</p>

	<p>strategy formulation and its effective implementation & proper monitoring is needed equally in both types of organizations.</p> <p>Organizations can be classified as commercial and non-commercial on the basis of the interest they have. Typically, a government or medical organization may function without any commercial objectives. A commercial organization has profit as its main aim. We can find many organizations around us, which do not have any commercial objective of making profits. Their genesis may be for social, charitable, or educational purposes.</p> <p>The strategic-management process is being used effectively by countless non-profit governmental organizations. Many non-profit and governmental organizations outperform private firms and corporations on innovativeness, motivation, productivity, and human resource.</p> <p>Compared to for-profit firms, non-profit and governmental organizations often function as a monopoly, produce a product or service that offers little or no measurability of performance, and are totally dependent on outside financing. Especially for these organizations, strategic management provides an excellent vehicle for developing and justifying requests for needed financial support.</p> <p>Government Organizations: Central, state, municipal agencies, public sector units, department are responsible for formulating, implementing and evaluating strategies that use taxpayers' money in the most cost-effective way to provide services and programs. Therefore, strategic management concepts are required for them.</p> <p>Medical Organizations: Modern hospitals quite often are using strategic management for creating new strategy and implementing properly for diagnosis and treatment of different diseases at lower price. Forward and Backward integration strategies are also required in hospitals for providing better services at lower cost.</p>
Q8.	<p>How concept of strategic management is useful in Government and medical organizations? Discuss. (Study Material)</p> <p>Organizations can be classified as commercial and non-commercial on the basis of the interest they have. Typically, a government or medical organization may function without any commercial objectives. A commercial organization has profit as its main aim. We can find many organizations around us, which do not have any commercial objective of making profits. Their genesis may be for social, charitable, or educational purposes.</p> <p>The strategic-management process is being used effectively by countless non-profit governmental organizations. Many non-profit and governmental organizations outperform private firms and corporations on innovativeness, motivation, productivity, and human resource.</p> <p>Compared to for-profit firms, non-profit and governmental organizations often function as a monopoly, produce a product or service that offers little or no measurability of performance, and are totally dependent on outside financing. Especially for these organizations, strategic management provides an excellent vehicle for developing and justifying requests for needed financial support.</p>
Q9.	<p>Discuss the challenges faced by public sector units while designing for their organisations.. (RTP, May 2022, NA)</p> <p>Central, state, municipal agencies, Public Sector Units, departments are responsible for formulating, implementing, and evaluating strategies that use taxpayers' money in the most cost-effective way to provide services and programs. The Challenges faced by the public sector units while designing their organizations are on account of basic nature of such organizations.</p> <p>Public sector units face the following challenges while designing strategies for their organizations:</p> <ul style="list-style-type: none"> • Operating with less strategic autonomy. • Cannot diversify into unrelated businesses or merge with other firms.

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| <ul style="list-style-type: none">• Strategists usually enjoy little freedom while altering the organisation's mission or redirecting objectives when needed.• Legislators and politicians control over major decisions and resources.• Fear of media debate over the strategic issues.• Chances of politicization of issues resulting fewer strategic choice. |
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