

As per the Revised Syllabus 2018-19 of Mumbai University
for T.Y. BBI, Semester - V

Strategic Management

N.K. Shree Varahan
Rinky R. Rajwani



Himalaya Publishing House
ISO 9001:2008 CERTIFIED

Strategic Management

(As per the Revised Syllabus 2018-19 of Mumbai University for
T.Y. BBI, Semester – V)

N.K. Shree Varahan

*B.Sc., DMM, M.B.A.,
Visiting Faculty in Management and Marketing,
Mumbai.*

Rinky R. Rajwani

*M.Com., B.Ed., PGDFM, NET,
Assistant Professor in B. K. Birla College of Arts, Science & Commerce,
Kalyan (W).*



Himalaya Publishing House

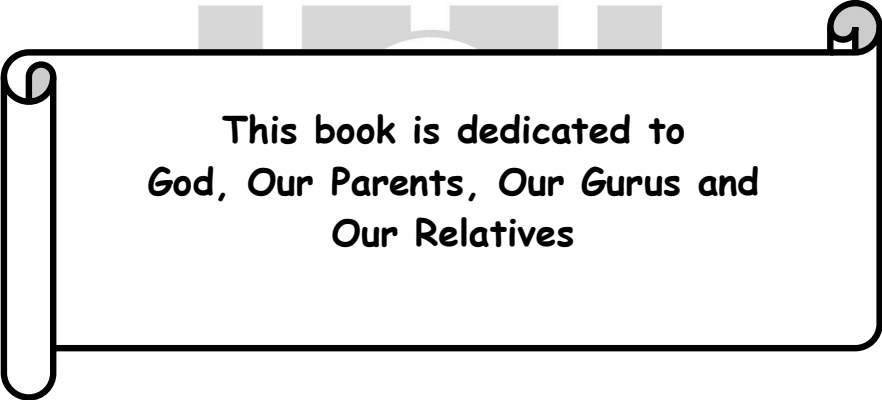
ISO 9001:2008 CERTIFIED

© **Authors**

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording and/or otherwise without the prior written permission of the authors and the publisher.

First Edition : 2018

-
- Published by** : Mrs. Meena Pandey for **Himalaya Publishing House Pvt. Ltd.**,
"Ramdoot", Dr. Bhalerao Marg, Girgaon, Mumbai - 400 004.
Phone: 022-23860170, 23863863; **Fax:** 022-23877178
E-mail: himpub@vsnl.com; **Website:** www.himpub.com
- Branch Offices** :
- New Delhi** : "Pooja Apartments", 4-B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi - 110 002.
Phone: 011-23270392, 23278631; Fax: 011-23256286
- Nagpur** : Kundanlal Chandak Industrial Estate, Ghat Road, Nagpur - 440 018.
Phone: 0712-2721215, 3296733; Telefax: 0712-2721216
- Bengaluru** : Plot No. 91-33, 2nd Main Road, Seshadripuram, Behind Nataraja Theatre,
Bengaluru - 560 020. Phone: 080-41138821; Mobile: 09379847017, 09379847005
- Hyderabad** : No. 3-4-184, Lingampally, Besides Raghavendra Swamy Matham, Kachiguda,
Hyderabad - 500 027. Phone: 040-27560041, 27550139
- Chennai** : New No. 48/2, Old No. 28/2, Ground Floor, Sarangapani Street, T. Nagar,
Chennai - 600 012. Mobile: 09380460419
- Pune** : "Laksha" Apartment, First Floor, No. 527, Mehunpura,
Shaniwarpath (Near Prabhat Theatre), Pune - 411 030.
Phone: 020-24496323, 24496333; Mobile: 09370579333
- Lucknow** : House No. 731, Shekhupura Colony, Near B.D. Convent School, Aliganj,
Lucknow - 226 022. Phone: 0522-4012353; Mobile: 09307501549
- Ahmedabad** : 114, "SHAIL", 1st Floor, Opp. Madhu Sudan House, C.G. Road, Navrang Pura,
Ahmedabad - 380 009. Phone: 079-26560126; Mobile: 09377088847
- Ernakulam** : 39/176 (New No. 60/251), 1st Floor, Karikkamuri Road, Ernakulam,
Kochi - 682 011. Phone: 0484-2378012, 2378016; Mobile: 09387122121
- Bhubaneswar** : Plot No. 214/1342, Budheswari Colony, Behind Durga Mandap,
Bhubaneswar - 751 006. Phone: 0674-2575129; Mobile: 09338746007
- Kolkata** : 108/4, Beliaghata Main Road, Near ID Hospital, Opp. SBI Bank,
Kolkata - 700 010. Phone: 033-32449649; Mobile: 07439040301
- DTP by** : Rakhi
- Printed at** : Rose Fine Art, Mumbai. On behalf of HPH.

A decorative scroll-like frame with a black outline and rounded corners. The frame is positioned horizontally in the lower-middle part of the page. Inside the frame, the text is centered. Above the frame, there are four grey rectangular blocks and a small white semi-circle, suggesting a book's spine or a decorative element.

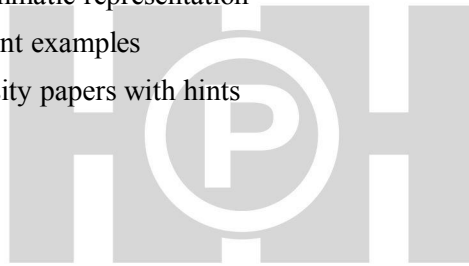
**This book is dedicated to
God, Our Parents, Our Gurus and
Our Relatives**

Preface

We are happy to present the book “*Strategic Management*” to the students of Semester V of T.Y. BBI to the teachers and the readers. This book is written according to the syllabus prescribed by the University of Mumbai.

Outstanding Features:

1. As per the guidelines of University of Mumbai
2. Simple and lucid language
3. Bird’s eye-view boxes given in the text provides a snapshot of the subject matter covered
4. Diagrammatic representation
5. Sufficient examples
6. University papers with hints



Authors

Acknowledgements

With the blessings of Almighty and Gurus, we are successful in the completion of this book. It is not due to the solo efforts but many people have played different roles from editing to selling. We are thankful to all those who have helped to make this book a success.

We wish to thank first and foremost to our parents and family members for their valuable support, belief, motivation to write this book and cooperating for making this attempt a success.

We are thankful to the entire team of Himalaya Publishing House Pvt. Ltd., especially Mr. S.K Shrivastava and Ms. Archana for their continuous support.

Heartfelt thanks to all the friends and faculty members of B.K. Birla College for their motivation.

A warm thanks to all the readers and students for believing us.

Last but not least thanking to all those who have helped directly or indirectly in making this book.

Please feel free to provide us with your valuable suggestions for the further improvement of the book.

Authors

Syllabus

Modules at a Glance

Sr. No.	Modules	No. of Lectures
1	Strategic Management: An Overview	15
2	Strategic Management Environment	10
3	Levels of Strategies and Analysis	10
4	Activating Strategy and Implementation	15
5	Strategic Evaluation and Control	10
	Total	60

Unit No.	Name of the Topic
1	Strategic Management: An Overview Definitions, Strategic Decision Making, Levels of Strategic Management, Process of Strategic Management, Principles of Good Strategy, Elements of Strategic Management, Models of Strategic Management.
2	Strategic Management Environment Importance of Politics in Strategic Management, Social, Political and Technological Forces, Role of Competition, National and Global Business Environment. Components of Environment, Environmental Scanning, Analysis of Strategies and Choice of Strategy, Ethics, Social Responsibility, Impact of Legal Factors in Strategic Management, SWOT Analysis.
3	Levels of Strategies and Analysis Corporate Level Strategies – Concentration, Integration and Diversification, Internationalisation, Digitisation. Process of Strategic Choice, Factors of Strategic Choice, Strategic Analysis.
4	Activating Strategy and Implementation Process and Nature of Strategy Implementation, Barriers, Model of Strategy Implementation – Structural, Behavioural and Functional.
5	Strategic Evaluation and Control Standards, Benchmarking, Gap Analysis. Features and Importance of Evaluation, Barriers in Evaluation, Types. Strategic Control – Setting Standards, Comparison, Control Process, Systems, Approaches, Techniques of Evaluation and Control. Role of Information System.

Paper Pattern

Maximum Marks: 75

Questions to be Set: 05

Duration: 2½ Hours

All questions are compulsory carrying 15 Marks each.

Question No.	Particulars	Marks
Q.1	Objective Questions: (A) Sub-questions to be asked (10) and to be answered (any 08) (B) Sub-questions to be asked (10) and to be answered (any 07) (*Multiple Choice/True or False/Match the Columns/Fill in the Blanks)	15
Q.2	Full Length Question OR Full Length Question	15 15
Q.3	Full Length Question OR Full Length Question	15 15
Q.4	Full Length Question OR Full Length Question	15 15
Q.5	(A) Theory Questions (B) Theory Questions OR Short Notes: To be asked (05) To be answered (03)	08 07 15

Note:

Theory question of 15 Marks may be divided into two sub-questions of 7/8 and 10/5 Marks.

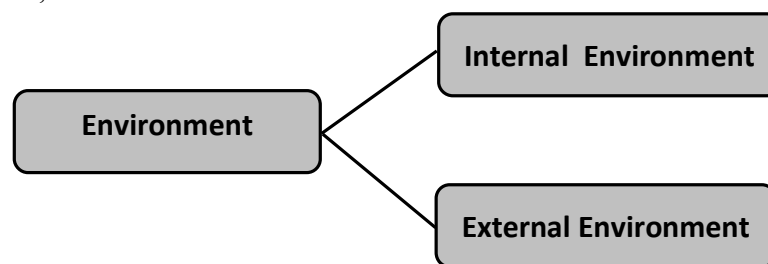
Contents

1. An Overview of Strategic Management	1 – 16
2. Environmental Analysis and Scanning	17 – 51
3. Levels of Strategies and Analysis	52 – 81
4. Activating Strategy and Implementation	82 – 104
5. Strategic Evaluation and Control	105 – 129



Components of Strategic Management Process

- (a) **Mission Statement:** Every good strategic management plan begins with a concise mission statement. The strategic management process revolves around aligning the day-to-day work activities with this mission statement to achieve long-term success. The mission statement is a statement of the organisation's purpose and reason for existence. The mission statement should also state what it is about this specific organisation that sets it apart from others within the same industry. This specific aspect is vital to creating and maintaining a sustainable competitive advantage.
- (b) **Analysis of Environment** – There are two types of Environment which are supposed to be Analysed, which are:



Internal Analysis of the Environment is the first step of environment scanning. organisations should observe the internal organisational environment. This includes employee interaction with other employees, employee interaction with management, manager interaction with other managers, and management interaction with shareholders, access to natural resources, brand awareness, organisational structure, main staff, operational potential, etc.

Also, discussions, interviews, and surveys can be used to assess the internal environment. Analysis of internal environment helps in identifying **strengths and weaknesses** of an organisation.

While in **External Analysis**, three correlated environment should be studied and analysed –

- Immediate/Industry Environment.
- National Environment.
- Broader Socio-Economic Environment/Macro-Environment

Examining the **Industry environment** needs an appraisal of the competitive structure of the organisation's industry, including the competitive position of a particular organisation and its main rivals. Also, an assessment of the nature, stage, dynamics and history of the industry is essential. It also implies evaluating the effect of globalisation on competition within the industry. Analysing the **National environment** needs an appraisal of whether the national framework helps in achieving competitive advantage in the globalised environment. Analysis of **Macro-environment** includes exploring macro-economic, social, government, legal, technological and international factors that may influence the environment. The analysis of organisation's external environment reveals opportunities and threats for an organisation.