

Roll No.

--	--	--	--	--	--	--	--	--	--	--

Total No. of Pages: 04

Total No. of Questions: 15

MBA (2012 & Onwards) (Sem. – 4)

STRATEGIC MANAGEMENT

M Code: 71378

Subject Code: MBA-401

Paper ID: [A2524]

Time: 3 Hrs.

Max. Marks: 60

INSTRUCTIONS TO CANDIDATES:

1. SECTION-A contains SIX questions carrying FIVE marks each and student has to attempt any FOUR questions.
2. SECTIONS-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and consists of ONE Case Study carrying EIGHT marks.

SECTION A

1. Discuss the nature of Strategic Management.
2. What are the different levels at which Strategy Operates?
3. What are the risks faced under cost Leadership Strategy?
4. What are the rationale behind performing SWOT analysis?
5. What is PEST analysis?
6. Discuss the need for Functional plans and policies.

SECTION B

Unit-I

7. Discuss the characteristics of Business environment and also discuss how business environment appraisal is helpful in SM process.
8. What is the role and characteristics of objectives in Strategic Management?

Unit-II

9. Explain:
 - a) VRIO framework.
 - b) Value chain analysis.
10. Discuss the balanced Score Card approach in measuring the financial and non financial health of an Organisation.

Unit-III

11. Discuss the various corporate level strategies that can be adopted for Retrenchment.
12. Strategic analysis and choice is very important before closing down any unit. Do you agree? Explain with the help of Shell Directional Policy matrix and BCG matrix.

Unit-IV

13. Discuss various types of Strategic Controls.
14. The importance of values, ethics and corporate social responsibility cannot be underestimated in corporate strategy. Discuss.

SECTION C

15. Case Study:

EXERCISING STRATEGIC AND OPERATIONAL CONTROLS AT iGATE GLOBAL SOLUTIONS

The Bangalore-based iGATE Global Solutions is the flagship company of iGATE Corporation, a NASDAQ-listed US-based corporation. Known earlier as Mascot Systems, it was set up in India in 1993, to offer staffing services. It acquired business process outsourcing (BPO) and contact centre businesses in 2003, making it an end-to-end IT and ITES service provider. Its service portfolio includes consulting, IT services, data analytics, enterprise systems, BPO/BSP, contact centre and infrastructure management services. iGATE has over 100 active clients and centres based in Canada, China, Malaysia, India, the UK and the US. Chairman, Ashok Trivedi and CEO Phaneesh Murthy, an ex-Infosys IT professional and their partners hold a major stake, with some participation by institutional and public investors. The revenues for 2006-2007 are over Rs. 805 crore and net profits, Rs. 49.6 crore.

The corporate strategies of iGATE are offering integrated IT services and divesting the legacy IT staffing business and possibly making acquisitions in the domain expertise for financial services businesses. The business strategy is focused differentiation based on the

focal points of testing, infrastructure management and enterprise solutions. The competitive tactic is avoiding head-on competition with the formidable larger players in the industry by carving out a niche. The business definition is serving large customers and staying away from sub-contracting work.

iGATE adopts a differentiation business model based on an integrated technology and operations model which it calls as the iTOPS model. This is advancement over the prevalent model in the ITES industry based on low-cost arbitrage model. iTOPS is based on transaction-based pricing for services and supporting the clients by providing the platform, processes and services.

The strategic evaluation and control has both the elements of strategic as well as operational controls.

The functional and operational implementation is aimed at achieving four sets of objectives:

- a) Shifting from small customers to large customers (Fortune 1000 companies).
- b) Shifting away from stocking to project-consulting assignments.
- c) Working directly with clients rather than with system integrators.
- d) Moving from local to international markets.

Some illustrations of the performance indicators that reflect these objectives are:

- On-shore versus off-shore mix of business revenues: In 2004, this ratio was 55:45 and in 2007, it has improved to 27:73, indicating a much higher revenue generation from off-shore business.
- Billing rates: Revenue charged from clients on assignments. With project consulting assignments from off-shore clients, where the revenues are typically higher, with lower costs and higher productivity in India, the realisations from billing have to be higher. The industry norms for ITES are US\$ 18-25 per hour for off-shore and US\$ 55-65 per hour for on-shore assignments.
- The number of large clients from Fortune 1000 companies: Presently, IGATE has nearly half of its more than 100 clients from Fortune 1000 companies, of which the top 10 account for 70 per cent of its business.
- Controlling employee costs: This is an area where concerted effort is required from the HR and finance functions. Hiring less experienced employees lowers the compensation bill. In the IT and ITES industry, attracting and retaining well-qualified and experienced employees is a critical success factor. The performance indicator for this objective is the cost per employee.
- Human resource metrics such as the hiring and attrition rates: In the IT and ITES industry, the human resource metrics such as hiring and attrition rates are critical indicators. Increasing the number of employees and lowering the attrition rate by retaining the employees is a big challenge. There are presently about 5800 employees,

likely to go up to 8500 in the next two years. The attrition of 20 per cent presently at iGATE is on the higher side. But such attrition is common in the industry where the employee mobility is high and employee pinching a widespread trend.

The human resource management function being critical in an industry where so many challenges exist, needs a strong emphasis on training and development, motivation, autonomy and attractive incentives. iGATE has an integrated people management model focusing on developing technical, behavioural and leadership competencies. The three metrics by which the HR function is assessed are: human capital index, work culture and employee affective commitment. The reward system at iGATE consists of meritorious employees across all levels being granted restricted stock options, thus providing an incentive to remain with the company till they become due. The company, though, is an average paymaster, which disadvantage it tries to trade-off offering a more challenging work environment, quicker promotions and chances for practicing innovation.

Critics say that that iGATE lacks the big-brand appeal of the larger players such as Infosys and Wipro, cannot compete on scale and is still under the shadow of its original business of body-shopping IT personnel.

Questions:

- a) Analyse the iGATE case to highlight how it could apply some of the strategic controls such as premise control, implementation control, strategic surveillance and special alert control.
- b) Analyse and describe the process of setting of standards at iGATE.
- c) Give your opinion on the effectiveness of the role of reward system in exercising HR performance management at iGATE and suggest what improvements are possible, given the environmental conditions in the IT/ITES industry in India at present.