



MBA(TT)IV/05.14 0362

**MBA (TRAVEL AND TOURISM) DEGREE IV SEMESTER EXAMINATION
MAY 2014**

**SMT 2401 BUSINESS POLICY AND STRATEGIC MANAGEMENT
(2012 Admission)**

Time: 3 Hours

Maximum Marks: 50

PART A
(Answer *ALL* questions)

(5 × 2 = 10)

1. Define social audit.
2. Define business strategy
3. What is meant by competitive strategy?
4. What is CSR?
5. What is competitive advantage?

PART B
(Answer *ANY FIVE* questions)

(5 × 4 = 20)

6. Distinguish between merger and acquisition, citing examples.
7. Explain the difference between vision statement and mission statement with example.
8. Bring out the importance of strategic management to meet the present global competition.
9. What is meant by a portfolio? Explain the rate of return criteria for selection of portfolio.
10. Explain how portfolio management is an integral part of strategic management.
11. Discuss the steps in SWOT analysis, giving a suitable example.
12. Explain how and when divestment strategies, stability strategies and expansion strategies are relevant and useful.

PART C
(Answer *ANY TWO* questions)

(2 × 10 = 20)

13. A transport company was engaged in handling cargo between selected inter-city routes and had a fleet of trucks numbering fifteen. As part of its development programmes, the State Government recently announced infrastructure development to be taken up as the top priority by the State Government. Bids were invited for road construction on a large scale. Work started within six months. The transport company saw this as an opportunity to expand its business and decided to add on more trucks to its existing fleet. Meanwhile, industrial growth rate in the state had a setback due to labour unrest, which seriously hampered production in several industries. The transport company found its operations unprofitable.

Explain the flaws committed by the company in the planning for expanded operations? What remedies can you suggest to meet the situation?

14. Viking Sewing Machines Ltd. was engaged in manufacturing and marketing of household sewing machines including electronic models and low-priced mechanical models. Sale of domestic sewing machines was declining all over the world due to the increasing popularity of ready-made garments produced by companies using industrial sewing machines. At this stage in 1997, the CEO of Viking resigned and a new CEO took charge. Under his leadership, Viking considered the following mission statements for the company.
- (i) To develop, produce, market and sell sewing machines and related products, which enhance the pleasure of creative sewing.
 - (ii) To be a consumer-driven company ensuring growth, profitability and success by providing superior satisfaction to the consumers and our dealer partners by continuously adding value to the Viking Brand.

Assess the above mission statements and recommend one of them stating your reasons.

15. Sweet Drinks Ltd is a soft drinks manufacturing and selling company with 80,000 outlets throughout India. It has good business with an annual turnover exceeding three billion rupees. It makes good profits and the shareholders are often rewarded with lucrative dividends and bonuses. Four years back the company has diversified into the alcoholic drinks industry and has taken-over two small breweries located in western India. The company has also diversified into hotels with purchase of twenty-five three/four star category hotels across the country. The company has thus obtained a monopoly for the sale of its soft drinks in its hotels and is beginning to establish itself as a brand name in the brewery industry. Part of the strategy of the company is to continue to purchase hotels, particularly by targeting national capital region of Delhi where tourism is likely to pick up in the near future. The company also intends to construct a five star hotel in Gurgoan to take tax advantage announced recently by the government.

Everything has been going on well until recently, when a Public interest litigation from an NGO accused the company of indulging in surrogate advertising of its brewery products. In fact, the company has similar brand names for its soft drinks and brewery products. This triggered a lot of protests and demonstrations against the company. Newspapers were flooded with the articles against the company. There were also some demonstrations and some small incidents of stone pelting in a few of its hotels.

- (i) Comment upon the diversification and expansion strategies adopted by the company, pointing out the adequacy or otherwise of these strategies.
- (ii) Suggest suitable strategies to come out of the adverse situation created by the public interest litigation.

