

Jagan Institute of Management Studies
End-Term Examination, December 2017 – January 2018
Trimester II – PGDM (IB) 2017-19

Global Strategic Management
ET_IB_GSM_04019

Time: 3 Hrs.

M. Marks: 70

INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory.

- Q 1** Attempt any **THREE** of the following:
- a) Taking the retail giant Wal-Mart as an example, Explain the relevance of Vertical Integration.
 - b) With the help of an example, explain the difference between Hostile Takeover & Acquisitions.
 - c) Explain any two advantages and disadvantages of cross border strategic alliances.
 - d) Highlight any three benefits of Corporate Restructuring.
 - e) Briefly highlight the competencies the managers must possess as they seek to become strategic leaders. **15**
- Q 2** Why there is any need for “Corporate Restructuring” in any organization? What are the major factors behind this decision? What are the various types of corporate restructuring and their significance? Support your answer with examples. **12**
- Q 3** What do you understand by Vertical Integration and Horizontal Integration? What are their advantages and disadvantages? Provide at least **two examples of each** to support. **12**
- Q 4** On what factors the decision to go Global depends? What are the pros and cons associated with going Global? “Control” is a big challenge with Globalization, how can this be dealt with? **12**
- Q 5** How a market leader can defend against market challengers? What kind of strategies can be adopted by both to safeguard their market share and increase it further? **12**
- Q 6** What are the specific reasons that a firm decides to go for acquisition as a means of achieving strategic competitiveness? Also explain the problems faced by firms while using an acquisition strategy to be successful? Support by taking a specific sector from Indian Economy which has experienced growth through acquisitions in recent past? **12**

Q7

Read the case and answer the questions given at the end.

Richard Branson, entrepreneurial owner and founder of Britain's untraditional Virgin Group, has fused two dissimilar lines of work – show business and commerce – into a single, extremely profitable enterprise. Virgin Group comprises more than 100 companies in 15 countries. It includes Virgin Atlantic, a 12 plane long distance carrier, the Virgin Retail Group outlets that sell CDs, videos and games; Virgin Communications including a small publishing company a commercial AM radio station, and a television station; Virgin Interactive Communication a computer games software publisher, and the Voyager Group a collection of diverse assets ranging from a hotel chain to a model agency.

Branson's business strategy places him at the forefront as the company's most effective marketing tool. He has become the world's greatest underdog commented a London analyst. He is great actor. In addition his strategy also involves making the most of publicity. If you have got an airline, Branson asserted, you've got to keep it in the public eye somehow. This he accomplishes through a variety of methods including headline grabbing adventures such as crossing the Atlantic Ocean by speedboat and balloon.

Such exploits have served to define Virgin's organizational culture. In addition morale is boosted by the success of Virgin Atlantic which had humble beginning as an upstart airline and was vulnerable to allegedly unfair competitive tactics by rival British Airways (BA). Being around through the gulf war, the recession and BA's dirty tricks campaign has been particularly satisfying. The airline now holds 22 percent of the transatlantic market. This is less than BA's share, but more than American or United holds. And Virgin is still expanding.

The structure Branson relies on entails his heavy involvement. He believes in taking a hands-on approach particularly with airlines. At times, he even greets Virgin passengers at airports and asks them how they enjoyed their flights. Any time that he goes out to meet passengers he is always scribbling things he commented.

With the airline in an industry plagued by intense competition and price survival remains a constant goal. Branson is therefore cautious. There are a lot of big airlines in America that have gone belly-up. As airlines get bigger they sometimes get more vulnerable. Branson is determined not to let happen to his airline.

In recent years, Branson appears to have mellowed with regard to his ambitions. Before he wanted to build the biggest entertainment empire in the world.

Now, the man who has everything doesn't need more. There is also an element of social crusading in him that needs to be assuaged. Branson has now found at least a degree of contentment, He is now

complacent that he has enough money to have three meals a day, to feed his children, clothe them, take holidays and build up and continue to run his companies. He has no more ambitions to build the biggest company in the world.

Branson remain conservative in his lifestyle. He attributes this to his respect for employees. As a businessman he thinks it's very important to set an example for his staff in the way you behave. You don't drive flashy cars and you choose a wife who isn't into diamond rings and expensive, glitzy clothes .This he implied leads to a staff with similar values.

In line with this, as Virgin has grown, Branson has broken operations down into smaller companies of between 50 and 100 people. He believes that each company should occupy separate offices and that employees should be able to take ownership of their company. A culture that emphasizes individual responsibility in this way enables drastic changes to take place quickly and easily.

The systems within the company are also very supportive of empowerment. For example, through the strong communication system, budgeting is explained to employees, with daily graphs that display performance by area in comparison to area budgets. The hiring system also relies on the empowerment of employees. At one point four junior employees were made responsible for hiring their own replacements when they were promoted.

Virgin offices are extremely informal. With 15-foot ceilings, working fire places and lavish gardens the building is more like a home than a place of business. Antiques are scattered around, along with plush sofas, intimate family pictures, various plaques and models of Virgin airplanes. And employees dress casually in line with the surroundings.

The elements of Virgin's strategy thus clinch the company's success. Under Branson's creative leadership exciting twists promise to lay ahead.

Questions:

- a) Discuss .the salient characteristics of Richard Branson's leadership style. 5
- b) Richard Branson has created a large number of smaller companies to manage them better. Many critics have stated that though the Virgin group operates in many businesses it is not a leader in any business in which it operates. Therefore they question the organization structure and the business strategy of the Virgin group. Do you agree or disagree with this assessment Justify your answer. 8
- c) If you are hired as a consultant, recommend steps you would initiate to improve the strategy implementation initiatives of Virgin group. 6
