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## **PGM-71895**

**M.B.A. (Second Year) (Spring Semester)  
Examination, 2019**

### **STRATEGIC MANAGEMENT**

[ Paper No. MAN 605 ]

Time : Three Hours]

[Maximum Marks : 60

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**Note :** Answer all questions. All questions carry equal marks.

#### **UNIT-I**

1. Discuss the models of strategic management.  
What factors influence this model ?

**OR**

Discuss how a development in a corporation's natural and societal environments can affect the corporation through its task environment.

**UNIT-II**

2. How a company can achieve sustainable competitive advantage when its industry becomes hypercompetitive ?

**OR**

What are the trade-offs between an internal and an external growth strategy ? Which approach is best as an international entry strategy ?

**UNIT-III**

3. Is reengineering just another management fad, or does it offer something of lasting value ?

**OR**

List the pros and cons of insider executive succession Vs. outsider executive succession.

**UNIT-IV**

4. What is the relevance of the resource based view of the firm to strategic management in a global environment ?

**OR**

Outline the roles and responsibilities of the board of directors.

**UNIT-V**

5. Read the following case and answer the questions :

With Mr. Ratan Tata stepping aside from the helms of TATA Sons, Mr. Cyrus Mistry was selected as Ratan Tata's successor and appointed as the

Chairman on 23rd November, 2011. Mr. Mistry at that point was the unanimous choice of the search committee which took around 15 months to reach this decision. Mr. Mistry is the younger son of Pallonji Mistry who collectively holds an 18.4% stake in Tata Sons. He was on the Board of various companies including Tata Sons since 2006 and to the surprise of everyone was also a member of the search and selection committee that was set up in 2010 to choose the new chairman. He was at the time of appointment also the Managing Director of Shapoorji Pallonji & Company a post from which he had to disassociate himself to avoid any conflict of interest.

He was only the second non-TATA descendant to ever take charge of the \$100 billion salt to software conglomerate. Age was always on his side and he came in with a lot of promise to provide the group with continuity and growth. During his four year stint he took over a completely opposite strategy from

his predecessors. To bring in more synergy and efficiency to the group Mr. Mistry undertook the disinvestment strategy. He went on to selloff the group's steel business, especially Tata Steel Europe. The group's hospitality arm also sold quite a few properties in Boston and Australia.

After months of conflict and rising tensions between Mr. Ratan Tata, Tata trustees and Mr. Mistry over several issues came another surprise.

On the quiet evening of 25th October, 2016 came a big bang announcement from the most successful corporate house of the country. Tata Sons in an unprecedented act had removed its current chairman Mr. Cyrus Mistry and replaced him with Mr. Ratan Tata as the interim Chairman. Mr. Mistry was said to have departed from the culture and ethos of the Tata Group.

What followed the removal has been a bitter battle

between the Mr. Mistry's and Mr. Tata's camp. Both the camps blamed each other for not following correct practices and ethics. Mr. Mistry made a series of allegations against Mr. Tata for alleged malpractices in his functioning. The Air Asia venture and Nano project both pet projects of Mr. Tata came into the limelight with Mr. Mistry's allegations of malpractices.

Mr. Mistry's team, the Group Executive Council (GEC) a point of contention between the two camps was also disbanded with resignation from various senior level executives coming in including the group's HR chief Mr. N.S. Rajan.

Even with independent directors like Nusli Wadia, Deepak Parekh and Adi Godrej in Mr. Mistry's support he was removed from the board of all major group companies including TCS, Tata Steels etc. Later, Mistry himself decided to quit from the remaining boards of group companies. Mr. Mistry's

family firm filed petitions in the National Company Law Tribunal (NCLT) and tried to stop Tata Sons shareholders' meeting scheduled to remove him from the board. The petition was rejected and on February 6, 2016 Mr. Mistry was removed from the Tata Sons Board.

Mr. Nusli Wadia was also removed from the boards of Tata Chemical, Tata Steel and Tata Motors. He has filed a defamation case against Mr. Tata, Tata Sons and its board of directors claiming Rs. 3,000 crores in damages.

Legal battle lines have also been drawn with both camps going to the High Court and National Company Law Tribunal (NCLT) against each other.

The market capitalization that was lost in the two weeks following the dismissal was around \$7 billion. A number of minority shareholders filed class action suits claiming damages to the tune of 1418 billion against Mr. Tata and his companies for shareholder

value loss.

In the midst of this storm Mr. Natarajan Chandrasekaran, former CEO of TCS was appointed the new chairman to the TATA group. Even after the appointment, the turmoil continues with senior executives and independent directors close to Mr. Mistry leaving the group. The exits include Rakesh Sarna (MD and CEO, IHCL), Mr. Bharat Vasani (Group General Counsel), Mr. Analjit Singh (Independent Director) among others.

The big question is not the turmoil that TATA Sons faced in terms of legal battles, executive losses but the loss in terms of brand equity both for the group and the country as a whole. In a time when India is battling to be the centre for business activity across the globe this incident has become a point that needs attention quickly as corporate governance is one the most important pillars of business today.



**Questions :**

1. In your view, was the decision and way of Mr. Mistry's removal correct ? Give reasons for support of your argument.
2. Are Indian companies ready for moving from family run businesses to one run by professionals ? Explain with examples.

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