

MANAGEMENT PROGRAMME (MP)

Term-End Examination

December, 2022

MS-11 : STRATEGIC MANAGEMENT

Time : 3 Hours

Maximum Marks : 100

Note : (i) *There are two Sections—Section A and Section B.*

(ii) *Attempt any **three** questions from Section A. Each question carries 20 marks.*

(iii) *Section B is compulsory and carries 40 marks.*

Section—A

1. Explain the steps involved in strategic management process in a Single Business Unit (SBU) firm giving examples.
2. (a) What do you understand by strategic intent ? Discuss.
(b) What is envisioning ? Explain giving examples from the business world.

3. What is an expansion strategy ? Explain any *one* of the expansion strategies applicable to the corporate houses, giving suitable examples.
4. Explain the role of cost (i) in seller's market and (ii) in buyer's market. How can cost leadership be achieved ? Discuss.
5. How is strategic planning related to strategic control process ? Explain.

Section—B

6. Read the following case study and answer the questions given at the end :

CASE :

One of the hardest hit industries amid the COVID-19 pandemic is the airline industry. Mainly because passengers sit so closely together in a small space, which hasn't been allowed due to the social-distancing guidelines. That could change for the foreseeable future as many U. S. airlines are putting new guidelines into place for flying and going through the airports. All major U. S. airlines have slashed

flight schedules considerably in response to the record low demand for air travel. The number of passengers at U. S. airports is down more than 93% compared to last year. American, United, South-west and Delta have already reported a collective loss of \$4 billion in the first three months of 2020. The International Air Transport Association (IATA) has warned that the global aviation industry could take a hit of more than \$300 billion due to COVID-19. In an effort to prevent layoffs, the U. S. government agreed to a \$25 billion bailout for the major passenger U. S. airlines through the Payroll Support Program under the CARES Act. In receiving this money, which is comprised of grants and loans, airlines must refrain from laying off employees through the end of September, and must temporarily eliminate stock buybacks and reduce executive compensation.

Travelers boarding most U. S. planes must now wear a face covering. Major U. S. airlines have

already mandated that both passengers and crew must wear face coverings, and have enhanced their cleaning procedures and implemented policies aimed at encouraging social distancing by reducing the number of seats available and blocking some or all middle seats. In the U. S., Airports in Washington state, thermal cameras test passengers for fevers before they go through the checkpoint. Airlines then can determine whether passengers flagged with a high temperature can fly. Overseas, Emirates became the first airline in the world to conduct a rapid COVID-19 test for passengers in Dubai. It's a blood test that reportedly returns results in ten minutes. Carriers' maintenance teams are spending countless hours to ensure their planes are ready to take to the skies. United Airlines has parked 70 aircraft alone at Dulles International Airport, one of the airline's hubs.

American Airlines pilot Capt. Dennis Tajer has been flying commercial planes for more than 30

years. “Three decades of this and this is my first time I’m packing things like masks, wipes and sanitizers.”

There is no question that these new guidelines for flying with most U. S. airlines is going to take time to getting used to. This is only one of the major precautions that we are going to see for the future that is going to be considered the “new norm.” With that being said, I think this is a step in the right direction to ensure the health and safety of people flying.

Individualism

According to Milton Friedman the only goal of business is to profit, so the only obligation that the business person has is to maximize profit for the owner or the stockholders, but it must be within the law. In this case, an individualistic person would disagree with these new guidelines for flying because if you leave empty seats on the planes, then these airline companies are not maximizing profit. Furthermore, the amount of time it takes to

actually get through the airport because of these guidelines could be delayed for many people, which also is not maximizing profit or distribution of services throughout the airport.

However, these new guidelines could be agreed upon through Tibor Machan's theory which states that the direct goal of profiting may need to be met by indirect goals not aimed at profiting and business people may have other goals and those goals may at times be prioritized over the goals of profit-maximizing. An Individualistic person under Machan's theory would say that the health and safety of the passengers needs to be prioritized first and profit will come later as these airlines get back on track.

Utilitarianism

The goal of utilitarianism is to maximize happiness in yourself as well as others. According to John Stuart Mill, utilitarianism says that happiness or pleasure are the only things of intrinsic value. In this case, a utilitarian would agree with these guidelines

because the airlines are ensuring the health and safety of their passengers, which would help the passengers feel more comfortable and happier to fly again. Even though the circumstances are not ideal and the wait times could be delayed, at least people are able to fly again and they can do so with the necessary precautions.

Kantianism

Immanuel Kant came up with the four basic principles of Kantianism. These are to act rationally; allow and help people to make rational decisions; respect people, their autonomy, and individual needs and differences; and be motivated by good will, seeking to do what is right because it is right. A Kantian would also agree with these new guidelines to fly because the airlines that are putting these guidelines into place are following all four basic principles. They are being totally transparent with their passenger and want to ensure their health and well-being.

Virtue Theory

Virtues are the characteristics that allow things to function properly. Aristotle came up with the

virtue theory and said that rationality is the distinguishing characteristic among people. The four main virtues of character are courage, honesty, temperance/self-control, and justice/fairness. Aristotle also added that a thing is happy if it fulfills its function. In this case, a virtue theorist would agree with these guidelines that most airlines are setting into place. The airlines are acting completely rational and they should feel happy with themselves that they are looking at their passengers as people and want to make sure their health is not compromised while flying with their airline. Most airlines who have set these guidelines into place have followed the four main virtues and, like everyone else, wants to see the world get back to normal and get through this deadly pandemic.

Questions :

- (a) What do you understand by direct profits and indirect profits ? How do you relate with the changing scenario of airlines industry ? Discuss.
- (b) Which theory do you agree or disagree with ? Justify.