

MANAGEMENT PROGRAMME

Term-End Examination

June, 2016

00144

**MS-91 : ADVANCED STRATEGIC
MANAGEMENT**

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

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- Note :**
- (i) *There are two Sections A and B.*
 - (ii) *Attempt any three questions from Section A, carrying 20 marks each.*
 - (iii) *Section B is compulsory and carries 40 marks.*
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SECTION - A

- 1. Explain the concept and nature of corporate strategy. Discuss the major components and functions of corporate strategy. 20
- 2. Explain the importance of government of India initiatives that have been taken to boost good corporate Governance. 20
- 3. Discuss the pricing strategies used by firms in different market structures and their implications. 20
- 4. Discuss the challenges in Knowledge Management (KM) in the present day competitive environment. 20

5. Write short notes on **any four** of the following : 20
- (a) Naresh Chandra Committee on Corporate Governance.
 - (b) The role of CEO to improve corporate governance.
 - (c) Strategic choices in a Dynamic Environment.
 - (d) Web-based Business Models.
 - (e) Scope of Ethics.

SECTION - B

6. Read the following case study and answer the questions given at the end. 40

Case Study

Philanthropy in emerging markets

More and more companies are donating goods, services or cash for good causes-causes that fit a company's overall strategy. Corporate philanthropy often gets a bad rap, but the reality is the largesse of industrialists past and present has helped build a strong America. Regardless, past corporate scandals, globalized supply chains with dubious social impacts and environmental degradation together mean companies just cannot cut a check and say they are "doing good."

So they are doing more and yes, partly out of self-interest. One company embarking on a strategic philanthropy agenda is the multinational company, SAP. The company has recently ramped up donations of its technologies across the world. At first glance, they are compassionate, but there is more behind giving out free software for a good cause. As in the case of many

companies, emerging and "frontier" markets are the last places where SAP can grow and these countries offer potentially huge rewards and returns. So strategic philanthropy as part of a Corporate Social Responsibility (CSR) in emerging markets agenda, is wise, yet complicated, policy.

At the same time, watchdogs both local and global behoove a company to be a good community and social citizen. Furthermore, in an age where professionals want more than a paycheck and in fact, want to work at a company they believe has a strong social purpose, programs like that of SAP's are the building blocks to employee engagement and entrenching themselves as solid, responsive stakeholders. For SAP, this is not just about keeping smiles on the faces of employees at its Waldorf headquarters or Palo Alto and other regional offices-establishing programs for social good is also a way to groom and develop local talent to sustain the company's long-term future. Last week, I spoke on the telephone with Brittany Lothe, SAP's Director of Global CSR, to learn more about the company's approach towards strategic philanthropy.

"What is it that we can do as a business that can fundamentally change people's lives for the better?" - Brittany Lothe of SAP

SAP has already entrenched itself in several emerging markets, such as South Africa, for almost as long as the company has existed. With its oft-repeated mantra of providing software products that "make the world better," the company is on a mission to foster a supportive business climate. For communities and countries, such work of SAP and other firms helps boost economic opportunities that are much needed

where youth employment is a stubborn challenge. And depending on the nature of its software donations, varying results will bear fruit—a healthier population, a stronger business climate and a more educated workforce. SAP will need both skilled employees and successful customers; entrepreneurs who can develop services that complement the company’s suite of products; and of course, healthier and more mobile communities to help SAP maintain and grow its business worldwide.

Some may call this “shared value,” Michael Porter’s concept firms such as Nestle are quick to espouse. Lothe describes SAP’s agenda as “**value creation**,” a tad more accurate because in SAP’s view, its programs are tackling some of the world’s most pressing problems. To paraphrase Chicago’s mayor, a company should never let a problem go to waste.

In these markets, SAP’s advantage is its technology, enterprise software and other services that are often the backbone of companies, governments and non-profit organizations. And as tech hubs from Africa to India emerge, SAP’s services are the branches on which leaves, in this case actually additional software companies, can grow and augment what SAP already offers its customers. But in many regions where SAP has long-term goals, little in the way of a market exists—hence the company has to help local organizations start from scratch and therefore create value.

So a dearth of education opportunities means SAP can help to groom skilled workers who, in turn, can train and lead future colleagues. Donating software that makes processing

donations easier for NGOs means staff can focus more on their core jobs and less on bookkeeping. Technology that helps construction firms distribute building materials means more responsible and sustainable development, motivating workers to stay and again, assist SAP to recruit and retain talent. The payback is not immediate : Lothe noted SAP's strategies in various markets look ahead 10 or even 15 years into the future.

And so the programs, over 5,000 according to SAP's count, vary depending on local needs. In Mexico, SAP donated software to Echale a tu casa, a non-profit that provides housing to low-income workers. The technology helps the NGO run various processes, from accounting to inventory control, run more smoothly. A continent away, a three-year Emerging Entrepreneurship Initiative in Brazil helps to select business leaders whose companies have the potential to grow, but lack access to capital, could benefit from mentorship and need guidance navigating through the country's notorious bureaucracy. Finally, in tiny Swaziland, SAP gave technology and education-related donations to Young Heroes, an NGO that supports HIV/AIDS orphans.

Naturally, the aforementioned programs are laudable and provide much needed support to workers and people who benefit from SAP's attention. But, according to Lothe, larger goals abound : the grooming of future growth, talent and customers. At a fundamental level, these donations collectively help build a strong infrastructure for the Small and Medium

Enterprises (SMEs) SAP needs for its long-term viability. And if such companies, whether they end up in SAP's supply chain or become its customers, succeed, they also need healthy and sustainable communities in which their employees can live, and live well.

Self-serving ? May be, if that is your chosen description. Smart strategy ? Definitely, if you believe a company needs to do more than sweat out quarterly Wall Street reports and instead not only look far into the future, but build a strong business and around it, a more just and resilient society.

Questions :

- (a) Is strategic philanthropy smart business ?
 - (b) How can the organizations create value for business through business ?
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