

*With the Blessings of
My Dear Parents,
Brother, Sister
and Wife*

*Dedicated to All
My
Beloved Students*



© With Author (CA Rishabh Jain)

Printing and publishing rights with publisher

Disclaimer: While every effort is taken to avoid errors or omissions in this publication, any mistake or omission that may have crept in, is not intentional. It may be taken note of that neither the publisher, nor the author, will be responsible for any damage or loss of any kind arising to any one in any manner on account of such errors or omissions.

No part of this book may be reproduced or copied in any form (Including graphic, electronic or mechanical form) or by any means (including photocopying, recording, scanning, taping, or storing in any information retrieval system) or produced in any disc, tape, perforated media or any other information storage device, or translated in any other language without prior permission of the author. Any infringement shall result in criminal prosecution and civil claim for damages.

All disputes are subject to Pune jurisdiction only.

Disclaimer: All the images and maps are for demonstrative purpose only. They do not represent any real place or person or so forth.

1st Edition:	June, 2013
New Edition (15th)	June, 2025
Published by:	CA Rishabh Jain Office No.9A, First Floor, Prestige Point, Shukrawar Peth, Pune
Website :	ekatavamacademy.com
Email:	askrjsir@gmail.com

PREFACE

Dear students,

It gives me immense joy and pleasure to present a completely updated **CA Inter - Strategic Management Q and A Book** strictly as per **ICAI New Syllabus**.

In this Updated QnA Module we have covered the following:-

- 1) All ICAI Module questions as per New ICAI Syllabus
- 2) Exam paper questions with ICAI suggested answers (upto Jan. 25 exam.)
- 3) All ICAI Model test paper questions with suggested answers.
- 4) New syllabus RTP and MTP questions with suggested answers (upto May 25 exam)
- 5) All ICAI Case Study based MCQ's.

Having been a professor for 12 years and counting, I have observed that, for you to succeed in exam and your professional career you need a great understanding of the concept and its real-life application. Majority students get stuck in the rat race of just passing the exam by any means, this may help you to **pass a competitive exam** but not in the **exam of your professional life**.

I have worked for more than **6 years** in **Big 4's like PWC and Deloitte** in my initial years of professional career and the lessons learned during that time has inspired me to ensure that my students get a **"Practical Approach"** to this so called **"Theoretical world of Strategic Management"**.

The journey of a Chartered Accountant is not a rapid T-20 match. **It is equivalent to a 5-day test match, if you will**. Rather than rushing and blasting through your preparation, it is crucial to be consistent and disciplined. **My cricket coach once said to me something that has stuck with me since my college days - 'Wicket pe bane raho, runs aapne aap ban jaayenge!'**

I wish you all the best and hope that you be greatly benefited from this book!

Happy Learning,

Regards

CA Rishabh Jain

askrjsir@gmail.com

www.ekatvamacademy.com

'Failure will never overtake me if my determination to succeed is strong enough!'

- Late Dr. A P J Abdul Kalam



Acknowledgments

There are people in this world, some of them are so wonderful, that made this book become a reality that you are holding in your hand. I would like to thank all of them.

SPECIAL THANKS TO

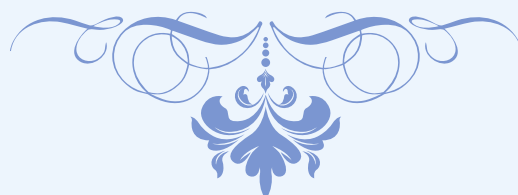
Mrs. **Megha Deshpande** &

Mr. **Sharad Patil** who has taken immense effort in creating this Book.

&

Mr. **Sagar Dhumal** who has taken immense efforts in Designing this book in the most creative way.

**"If you want to go fast, go alone.
If you want to go far, go together."**



CA INTER
Strategic Management
Q&A Module
Index

Ch. No.	Chapter Name	Page Nos.
1)	Introduction to Strategic Management	1.1 - 1.30
2)	Strategic Analysis: External Environment	2.1 - 2.32
3)	Strategic Analysis: Internal Environment	3.1 - 3.34
4)	Strategic Choices	4.1 - 4.36
5)	Strategy Implementation & Evaluation	5.1 - 5.42
6)	ICAI MCQ's	6.1 - 6.124

RJ = Practical Insight into Theoretical World



Connect with Rishabh Sir



For all Audit and SM Academic Updates

For all support
related queries

CHAPTER -1

INTRODUCTION TO

STRATEGIC

MANAGEMENT



Multiple Choice Questions

- 1) **Strategy is a game plan used for which of the following?**
 - a) To take market position
 - b) To attract and satisfy customers
 - c) To respond to dynamic and hostile environment
 - d) All of the above

- 2) **Which of the following is correct?**
 - a) Strategy is always pragmatic and not flexible
 - b) Strategy is not always perfect, flawless and optimal
 - c) Strategy is always perfect, flawless and optimal
 - d) Strategy is always flexible but not pragmatic

- 3) **Strategy is -**
 - a) Proactive in action
 - b) Reactive in action
 - c) A blend of proactive and reactive actions
 - d) None of the above

- 4) **Reactive strategy can also be termed as-**
 - a) Planned strategy
 - b) Adaptive strategy
 - c) Sound strategy
 - d) Dynamic strategy

- 5) **Formulation of strategies and their implementation in a strategic management process is undertaken by-**
 - a) Top level executives
 - b) Middle level executives
 - c) Lower level executives
 - d) All of the above

- 6) Which of the following are responsible for formulating and developing realistic and attainable strategies?
- a) Corporate level and business level managers
 - b) Corporate level and functional level managers
 - c) Functional managers and business level managers
 - d) Corporate level managers, business level managers and functional level Managers
- 7) Which of the following managers' role is to translate the general statements/ strategies into concrete strategies of their individual businesses-
- a) Supervisor
 - b) Functional Manager
 - c) CEO of the company
 - d) All of the above
- 8) Which statement should be created first and foremost?
- a) Strategy
 - b) Vision
 - c) Objectives
 - d) Mission
- 9) Strategic management enables an organization to _____, instead of companies just responding to threats in their business environment.
- a) be proactive
 - b) determine when the threat will subside
 - c) avoid the threats
 - d) defeat their competitors
- 10) Read the following three statements:
- (i) Strategies have short-range implications.
 - (ii) Strategies are action oriented.
 - (iii) Strategies are rigidly defined.

From the combinations given below select an alternative that represents statements that are true:

- a) (i) and (ii)
- b) (i) and (iii)
- c) (ii) and (iii)
- d) (i), (ii) and (iii)

11) What involves formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives?

- a) Strategy formulation
- b) Strategy evaluation
- c) Strategy implementation
- d) Strategic management

12) Strategic management allows an organization to be more

- a) Authoritative
- b) Participative
- c) Commanding
- d) Proactive

Answers to Multiple Choice Questions

1) (d)	2) (b)	3) (c)	4) (b)	5) (d)	6) (d)
7) (b)	8) (b)	9) (a)	10) (a)	11) (d)	12) (d)

Questions from ICAI Study Material

Scenario Based Questions

Question 1: (ICAI SM) / (Model Test Paper-1) / (MTP-I Mar. 24)

Swati is the marketing manager at a software company. She is responsible for developing and implementing marketing strategies for the company's products. Swati leads a team of marketing professionals and works closely with the product development and sales teams to ensure that the company's products are effectively promoted in the market. She also analyzes market trends and customer feedback to refine the marketing strategies. Which level is she working at, discuss the roles and responsibilities of this level in organization?

Answer:

- 1) Swati operates at the functional level of management, specifically as the marketing manager at a software company. Functional managers like Swati oversee specific departments or functions within an organization, such as marketing, finance, or operations.
- 2) Their primary responsibilities include implementing corporate strategies and policies within their area of expertise and ensuring that daily operations are conducted efficiently and effectively.
- 3) In Swati's case, as a marketing manager, her role involves developing and executing marketing strategies for the company's products. This includes leading a team of marketing professionals, collaborating with product development and sales teams, and analyzing market trends and customer feedback to refine strategies.
- 4) By working closely with these teams, Swati ensures that the company's products are effectively promoted in the market and that marketing efforts align with overall business goals.
- 5) Functional managers like Swati play a critical role in the organization by bridging the gap between corporate strategy and daily operations. They are responsible for translating high-level strategic goals into actionable plans for their departments and ensuring that these plans are executed effectively.
- 6) Additionally, they are often key decision-makers within their areas of responsibility, making strategic choices that impact on the company's success. Overall, Swati's role as a

marketing manager exemplifies the importance of functional managers in driving the success of their organizations.

Question 2:

(ICAI SM) / (Model Test Paper-2) / (MTP-II Apr.24)

ABC retail chain regularly monitors consumer trends and supply chain flexibility. The retail chain tracks consumer trends to adjust its offerings, ensuring they meet customer needs. Simultaneously, it maintains a flexible supply chain to respond swiftly to demand fluctuations. This strategy enables ABC retail chain to anticipate market shifts and adapt to them effectively, ensuring its competitiveness and customer satisfaction. Which type of strategy is the retail chain employing?

Answer:

- 1) The retail chain is employing a strategy that combines both proactive and reactive elements. Monitoring consumer trends and adjusting product offerings accordingly demonstrates a proactive approach to anticipate and meet customer needs.
- 2) On the other hand, maintaining a flexible supply chain to respond quickly to changes in demand reflects a reactive strategy to address unforeseen shifts in the market.
- 3) This combination allows the retail chain to both anticipate future trends and react effectively to immediate market changes, making its strategy partly proactive and partly reactive.
- 4) This dual strategy of proactive trend monitoring and reactive supply chain flexibility enables the retail chain to anticipate market shifts and adapt to them effectively, ensuring its competitiveness and customer satisfaction.

Question 3:

(ICAI SM) / (RTP May 24)

ABC Pharmaceuticals, a leading pharmaceutical company, is in the process of formulating its strategic intent. The top management of ABC Pharmaceuticals wants to define the company's future direction, objectives, and goals. Their aim is to create a vision that sets the organization apart and provides a roadmap for future growth. ABC Pharmaceuticals aspires to enrich the lives of people by producing high-quality pharmaceutical products at competitive prices and wants to become the world's leading pharmaceutical company by 2030." Based on this context, draft a vision and mission statement that could be formulated by the top management of ABC Pharmaceuticals.

Answer:

- 1) ABC Pharmaceuticals may have following vision and mission:
 - a) **Vision:** Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. ABC Pharmaceuticals may have vision "To be the globally recognized leader in pharmaceutical innovation and enriching the lives of people worldwide by providing high-quality, affordable, and accessible pharmaceutical products."
 - b) **Mission:** Mission delineates the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of the firm in society. It is designed to help potential shareholders and investors understand the purpose of the company.
- 2) ABC Pharmaceuticals may identify mission in the following lines:
 - a) To improve the well-being of individuals and communities by relentlessly pursuing excellence in pharmaceutical research, development, and manufacturing.
 - b) Committed to producing safe, effective, and sustainable medicines that address unmet medical needs and enhance the quality of life for patients.
 - c) Through innovation, collaboration, and ethical practices, we aim to make a positive impact on global healthcare and become the trusted partner of healthcare providers and patients alike.

Question 4:**(ICAI SM) / (Model Test Paper-1) / (MTP-I Mar.24)**

Imagine you are a strategic consultant advising a retail company that is facing increasing competition from online retailers. The company is considering several strategic options to improve its market position. Using the concept that strategy is partly proactive and partly reactive, explain how the company can develop a strategic approach to address this challenge.

Answer:

- 1) The retail company can develop a strategic approach that is both proactive and reactive to address the challenge of increasing competition from online retailers. To achieve this, the company can:
 - a) **Proactive Strategy:**

The Company can proactively analyze market trends and customer preferences to identify opportunities for growth. For example, it can invest in market research to

understand what customer's value in a retail experience and tailor its offerings to meet those needs. This proactive approach can help the company stay ahead of competitors and attract new customers.

b) Reactive Strategy:

In addition to proactive measures, the company should also be prepared to react to changes in the market environment. For example, if a competitor launches a new online shopping platform, the company should quickly assess the impact on its business and develop a response. This reactive strategy can help the company adapt to changing market conditions and maintain its competitiveness.

- 2) By combining proactive and reactive strategies, the retail company can develop a comprehensive approach to addressing the challenge of increasing competition from online retailers. This approach will allow the company to capitalize on opportunities for growth while also mitigating risks and responding to threats in the market.

Question 5:

(ICAI SM) / (RTP Sept.24)

Tech Innovators Inc., a rapidly expanding technology company, aims to lead in artificial intelligence (AI) and machine learning (ML). With recent growth, the company is evaluating which organizational structure will best support its vision for innovation and leadership in AI technologies. They are considering three options: the Functional and Divisional Relationship for specialization, the Horizontal Relationship for flat, collaborative management, and the Matrix Relationship for cross-functional teams. Which of these relationships—Functional and Divisional, Horizontal, or Matrix—will most effectively achieve Tech Innovators Inc.'s strategic goals, and why?

Answer:

- 1) The Matrix Relationship is the most effective structure for Tech Innovators Inc. to achieve its vision of leadership in AI technologies.
- 2) This structure promotes cross-functional collaboration, essential for managing complex AI projects and fostering innovation.
- 3) By integrating expertise from various departments into temporary, task-based teams, the Matrix Relationship supports dynamic project management and aligns well with the company's strategic goals for advancing AI technologies.
- 4) Despite its complexity, this approach provides the flexibility and collaboration necessary for a leading-edge AI and ML focus.

Relationship	Benefits	Drawbacks	Suitability for AI Leadership
Functional and Divisional	Specialization, clear management of functions and products.	Potential for departmental isolation, limited collaboration.	Less effective for cross-functional AI projects
Horizontal	Open communication, encourages innovation and fast	Hard to scale, unclear roles and responsibilities.	Suitable for startups, less for large AI initiatives.
Matrix	Facilitates cross functional collaboration, flexible resource management for complex projects.	Complex reporting structures, potential conflicts.	Ideal for managing diverse, innovative AI projects.

Question 6:**(ICAI SM)**

Mr. Raj has been hired as a CEO by XYZ Ltd a FMCG company that has diversified into affordable cosmetics. The company intends to launch Feelgood brand of cosmetics. XYZ wishes to enrich the lives of people with its products that are good for skin and are produced in ecologically beneficial manner using herbal ingredients. Draft vision and mission statement that may be formulated by Raj.

Answer:

1) Feelgood brand of cosmetics may have following vision and mission:

a) Vision:

Vision implies the blueprint of the company's future position. It describes where the organisation wants to land. Mr. Raj should aim to position "Feelgood cosmetics" as India's beauty Care Company. It may have vision to be India's largest beauty Care Company that improves looks, give extraordinary feeling and bring happiness to people.

b) Mission:

Mission delineates the firm's business, its goals and ways to reach the goals. It explains the reason for the existence of the firm in the society.

- 2) It is designed to help potential shareholders and investors understand the purpose of the company:

Mr. Raj may identify mission in the following lines:

- a) To be in the business of cosmetics to enhance the lives of people, give them confidence to lead.
- b) To protect skin from harmful elements in environment and sun rays.
- c) To produce herbal cosmetics using natural ingredients.

Question 7:

(ICAI SM) / (Model Test Paper-3)

Yummy Foods and Tasty Foods are successfully competing in the business of ready to eat snacks in Patna. Yummy has been pioneer in introducing innovative products. These products will give them good sale. However, Tasty Foods will introduce similar products in reaction to the products introduced by the Yummy Foods taking away the advantage gained by the former.

Discuss the strategic approach of the two companies. Which is superior?

Answer:

Yummy foods is proactive in its approach. On the other hand, Tasty Food is reactive.

- 1) A proactive strategy is a planned strategy whereas reactive strategy is an adaptive reaction to changing circumstances.
- 2) A company's strategy is typically a blend of proactive actions on the part of managers to improve the company's market position and financial performance and reactions to unanticipated developments and fresh market conditions.
- 3) If organisational resources permit, it is better to be proactive rather than reactive. Being proactive in aspects such as introducing new products will give you an advantage in the mind of customers.
- 4) At the same time, crafting a strategy involves stitching together a proactive/intended strategy and then adapting first one piece and then another as circumstances surrounding the company's situation change or better options emerge-a reactive/adaptive strategy. This aspect can be accomplished by Yummy Foods.

Question 8:**(ICAI SM) / (RTP May 25)**

Ramesh Sharma has fifteen stores selling consumer durables in Delhi Region. Four of these stores were opened in last three years. He believes in managing strategically and enjoyed significant sales of refrigerator, televisions, washing machines, air conditioners and like till four years back. With shift to the purchases to online stores, the sales of his stores came down to about seventy per cent in last four years.

Analyse the position of Ramesh Sharma in light of limitations of strategic management.

Answer:

Ramesh Sharma is facing declining sales on account of large-scale shift of customers to online stores. While he is using the tools of strategic management, they cannot counter all hindrances and always achieve success.

There are limitations attached to strategic management as follows:

- 1) Environment under which strategies are made is highly complex and turbulent. Entry of online stores, a new kind of competitor brought a different dimension to selling consumer durables. Online stores with their size power could control the market and offer stiff competition to traditional stores.
- 2) Another limitation of strategic management is that it is difficult to predict how things will shape-up in future. Ramesh Sharma, although managing strategically failed to see how online stores will impact the sales.
- 3) Although, strategic management is a time-consuming process, he should continue to manage strategically. The challenging times require more efforts on his part.
- 4) Strategic management is costly. Ramesh Sharma may consider engaging experts to find out preferences of the customers and attune his strategies to better serve them in a customized manner. Such customized offerings may be difficult to match by the online stores.
- 5) The stores owned by Ramesh Sharma are much smaller than online stores. It is very difficult for him to visualize how online stores will be moving strategically.

Question 9:**(ICAI SM)**

Dharam Singh, the procurement department head of Cyclix, a mountain biking equipment company, was recently promoted to look after sales department along with procurement department. His seniors at the corporate level have always liked his way of leadership

and are assured that he would ensure the implementation of policies and strategies to the best of his capacity but have never involved him in decision making for the company. Do you think this is the right approach? Validate your answer with logical reasoning around management levels and decision making.

Answer:

- 1) Functional managers provide most of the information that makes it possible for business and corporate level managers to formulate realistic and attainable strategies. This is so because functional managers like Dharam Singh are closer to the customers/suppliers/operations than the typical general manager is.
- 2) A functional manager may generate important ideas that subsequently may become major strategies for the company. Thus, it is important for general managers to listen closely to the ideas of their functional managers and involve them in decision making.
- 3) An equally great responsibility for managers at the operational level is strategy implementation: the execution of corporate and business level plans, and if they are involved in formulation, the clarity of thoughts while implementation can benefit too.

Conclusion:

Thus, the approach of Cylcix Corporate management is not right. They should involve Dharam Singh, as well as other functional managers too in strategic management.

Question 10:

(ICAI SM)

ABC Limited is in a wide range of businesses which include apparels, lifestyle products, furniture, real estate and electrical products. The company is looking to hire a suitable Chief Executive Officer. Consider yourself as the HR consultant for ABC limited. You have been assigned the task to enlist the activities involved with the role of the Chief Executive Officer.

Name the strategic level that this role belongs to and enlist the activities associated with it.

Answer:

- 1) The role of Chief Executive Officer pertains to corporate level.
- 2) The corporate level of management consists of the Chief Executive Officer (CEO) and other top-level executives. These individuals occupy the apex of decision making within the organization.

- 3) The role of Chief Executive Officer (Top Management/Corporate Level Managers) is to:
- a) Oversee the development of strategies for the whole organization;
 - b) Defining the mission and goals of the organization;
 - c) Determining what businesses it should be in;
 - d) Allocating resources among the different businesses;
 - e) Formulating, and implementing strategies that span individual businesses;
 - f) Providing leadership for the organization;
 - g) Ensuring that the corporate and business level strategies which company pursues are consistent with maximizing shareholders wealth; and
 - h) Managing the divestment and acquisition process.

Descriptive Questions

Question 11:

(ICAI SM)

What is Strategic Management? What benefits accrue by following a strategic approach to managing?

Answer:

- 1) The term '**strategic management**' refers to the **managerial process** of developing a strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy, and initiating corrective adjustments were deemed appropriate.
- 2) The overall objective of strategic management is two-fold:
 - a) To **create competitive advantage**, so that the company can outperform the competitors in order to have dominance over the market.
 - b) To guide the company successfully through all changes in the environment.
- 3) The following are the benefits of strategic approach to managing:
 - a) Strategic management helps organisations to be more proactive instead of reactive in shaping its future. Organisations are able to analyse and take actions instead of being mere spectators. Thereby they are able to control their own destiny in a better manner. It helps them in working within vagaries of environment and shaping it, instead of getting carried away by its turbulence or uncertainties.

- b) Strategic management **provides frameworks for all the major decisions** of an enterprise such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational structure. It provides better guidance to entire organisation on the crucial point - what it is trying to do.
- c) Strategic management is concerned with **ensuring a good future for the firm**. It seeks to prepare the corporation to face the future and act as pathfinder to various business opportunities. Organisations are able to identify the available opportunities and identify ways and means as how to reach them.
- d) Strategic management **serves as a corporate defence mechanism against mistakes and pitfalls**. It helps organisations to avoid costly mistakes in product market choices or investments. Over a period of time strategic management **helps organisation to evolve certain core competencies and competitive advantages** that assist in its fight for survival and growth.

Question 12:**(ICAI SM)**

Are there any limitations attached to strategic management in organizations? Discuss.

Answer:

The presence of strategic management cannot counter all hindrances and always achieve success. There are limitations attached to strategic management. These can be explained in the following lines:

- 1) Environment is **highly complex and turbulent**. It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate about its future shape may awfully go wrong and jeopardise all strategic plans.
- 2) Strategic management is a **time-consuming process**. Organisations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business.
- 3) Strategic management is a **costly process**. Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments devise strategies and properly implement. These can be really costly for organisations with limited resources.
- 4) In a competitive scenario, where all organisations are trying to move strategically, it is **difficult to clearly estimate the competitive responses to a firm's strategies**.

Question 13:

(ICAI SM)

Explain the difference between three levels of strategy formulation.

Answer:

- 1) A typical large organization is a multidivisional organisation that competes in several different businesses. It has separate self-contained divisions to manage each of these. There are three levels of strategy in management of business - corporate, business, and functional.
- 2) The corporate level of management consists of the chief executive officer and other top-level executives. These individuals occupy the apex of decision making within the organization.
- 3) The role of corporate-level managers is to oversee the development of strategies for the whole organization. This role includes defining the mission and goals of the organization, determining what businesses it should be in, allocating resources among the different businesses and so on rests at the Corporate Level.
- 4) The development of strategies for individual business areas is the responsibility of the general managers in these different businesses or business level managers. A business unit is a self-contained division with its own functions - **For example**, finance, production, and marketing.
- 5) The strategic role of business-level manager, head of the division, is to translate the general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses.
- 6) Functional-level managers are responsible for the specific business functions or operations such as human resources, purchasing, product development, customer service, and so on. Thus, a functional manager's sphere of responsibility is generally confined to one organizational activity, whereas general managers oversee the operation of a whole company or division.

Question 14:

(ICAI SM)

"Strategy is partly proactive and partly reactive." Discuss.

Answer:

- 1) **Strategy is partly proactive and partly reactive.** In proactive strategy, organizations will analyze possible environmental scenarios and create strategic framework after proper planning and set procedures and work on these strategies in a predetermined manner.
- 2) However, in reality no company can forecast both internal and external environment exactly. Everything cannot be planned in advance. It is not possible to anticipate moves of rival firms, consumer behaviour, evolving technologies and so on.
- 3) There can be significant deviations between what was visualized and what actually happens. Strategies need to be attuned or modified in the light of possible environmental changes. There can be significant or major strategic changes when the environment demands.
- 4) **Reactive strategy is triggered by the changes in the environment and provides ways and means** to cope with the negative factors or take advantage of emerging opportunities.

Questions from ICAI Model Test Paper

Question 15:

(Model Test Paper-2) / (MTP-II April, 24)

"Each organization must build its competitive advantage keeping in mind the business warfare. This can be done by following the process of strategic management." Considering this statement, explain major benefits of strategic management.

Answer:

Each organization has to build its competitive advantage over the competitors in the business warfare in order to win. This can be done only by following the process of strategic management. Strategic Management is very important for the survival and growth of business organizations in dynamic business environments. Other major benefits of strategic management are as follows:

- 1) Strategic management helps organizations to be more proactive rather than reactive in dealing with its future. It facilitates to work within vagaries of environment and remains adaptable with the turbulence or uncertain future. Therefore, they are able to control their own destiny in a better way.

- 2) It provides better guidance to entire organization on the crucial point - what it is trying to do. Also provides frameworks for all major business decisions of an enterprise such as on businesses, products, markets, organizational structures, etc.
- 3) It facilitates to prepare the organization to face the future and act as pathfinder to various business opportunities. Organizations are able to identify the available opportunities and identify ways and means as how to reach them.
- 4) It serves as a corporate defence mechanism against mistakes and pitfalls. It helps organizations to avoid costly mistakes in product market choices or investments.
- 5) Over a period of time strategic management helps organization to evolve certain core competencies and competitive advantages that assist in the fight for survival and growth.

Question 16:**(Model Test Paper-3)**

In his pursuit to expand the family business to Dubai, Dharam Veer Singh, the successor of the renowned architect Late Shri Lala Ram Pal Singh, faced a dilemma. Despite receiving positive feedback from various potential investors, a common trend emerged where the emphasis was primarily on swift construction, neglecting the importance of structural longevity. Dharam finds himself at a crossroads. What strategic approach could assist him in formulating a robust and coherent business roadmap that aligns with his vision for sustainable growth?

Answer:

- 1) In this scenario, the most appropriate strategic approach to help Dharam Veer Singh formulate a robust and coherent business roadmap aligned with his vision for sustainable growth would be to focus on values or a value system.
- 2) Emphasizing values such as quality, integrity, and sustainability can guide decision-making and attract like-minded investors and clients.
- 3) By embedding these values into the company's culture and operations, Dharam can differentiate his business in the market, ensuring long-term success and structural longevity in construction projects.
- 4) This value-driven strategy will also help in building a strong brand reputation and fostering trust among stakeholders.

Question 17:

(Model Test Paper-4) / (MTP-I July 24)

Mr. Arun has been hired as the CEO by ABC Ltd, a pharmaceutical company that has diversified into affordable wellness supplements. The company intends to launch the HealthPlus brand of supplements. ABC wishes to enhance the well-being of people with its products that are beneficial for health and are produced in an environmentally sustainable manner using natural ingredients. Draft a vision and mission statement that may be formulated by Arun.

Answer:

The HealthPlus brand of wellness supplements may have the following vision and mission:

- 1) **Vision:** Vision implies the blueprint of the company's future position. It describes where the organization wants to land. Mr. Arun should aim to position "HealthPlus" as India's leading wellness supplements brand. It may have the vision to be India's largest wellness supplements company that enhances health, promotes extraordinary well-being, and brings happiness to people.
- 2) **Mission:** Mission delineates the firm's business, its goals, and ways to reach the goals. It explains the reason for the existence of the firm in society. It is designed to help potential shareholders and investors understand the purpose of the company. Mr. Arun may identify the mission in the following lines:
 - a) To be in the business of wellness supplements to enhance the lives of people and give them the confidence to lead a healthy life.
 - b) To protect health by providing supplements that counteract harmful elements in the environment.
 - c) To produce wellness supplements using natural ingredients in an environmentally sustainable manner.

Question 18:

(Model Test Paper-4) / (MTP-I July 2024)

XYZ Corporation operates in a diverse range of industries, including fashion, lifestyle products, furniture, real estate, and electrical goods. The company is seeking to hire a suitable Chief Executive Officer. As the HR consultant for XYZ Corporation, you have been tasked with outlining the activities involved in the role of the Chief Executive Officer. Identify the strategic level associated with this role and list the activities it encompasses.

Answer:

The role of Chief Executive Officer pertains to corporate level.

The corporate level of management consists of the Chief Executive Officer (CEO) and other top-level executives. These individuals occupy the apex of decision making within the organization.

The role of Chief Executive Officer is to:

- 1) Oversee the development of strategies for the whole organization;
- 2) Defining the mission and goals of the organization;
- 3) Determining what businesses, it should be in;
- 4) Allocating resources among the different businesses;
- 5) Formulating, and implementing strategies that span individual businesses;
- 6) Providing leadership for the organization;
- 7) Ensuring that the corporate and business level strategies which company pursues are consistent with maximizing shareholders wealth; and
- 8) Managing the divestment and acquisition process.

Question 19: (Model Test Paper-5 & 7) / (MTP-II Aug.24) / (MTP-II Dec.24)

Vikram Patel owns a chain of ten bookstores across the Mumbai region. Three of these stores were launched in the past two years. He has always believed in strategic management and enjoyed robust sales of books, magazines, and educational materials until about five years ago. However, with the increasing preference for online shopping, the sales at his physical stores have declined by approximately sixty percent over the last five years. Analyze Vikram Patel's current position in light of the limitations of strategic management.

Answer:

Vikram Patel is facing declining sales due to a significant shift of customers toward online platforms. Although he employs strategic management tools, they cannot always overcome every obstacle or guarantee success. The limitations of strategic management in Vikram's situation include:

- 1) The environment in which strategies are developed is highly complex and unpredictable. The entry of online bookstores, a new type of competitor, introduced a different dynamic

to the book retail industry. These online platforms, with their extensive reach and pricing power, have dominated the market, posing a formidable challenge to traditional bookstores.

- 2) Another limitation of strategic management is the difficulty in forecasting future developments. Despite his strategic management efforts, Vikram Patel did not anticipate the extent to which online bookstores would impact his sales.
- 3) While strategic management is a time-consuming process, it is crucial for Vikram to continue managing strategically. These challenging times demand increased effort and adaptability on his part.
- 4) Strategic management can be costly. Vikram Patel might consider hiring experts to understand customer preferences better and adjust his strategies to offer more personalized services. These customized offerings could be difficult for online stores to replicate, giving him a competitive edge.
- 5) The bookstores owned by Vikram Patel are much smaller in scale compared to online stores. This makes it challenging for him to predict how online platforms will manoeuvre strategically.

Question 20: (Model Test Paper-5) / (MTP-II Aug.24) / (MTP-II Apr.25)

What is a strategic vision, and what are the essential components that make it an effective tool for guiding an organization's future?

Answer:

- 1) A strategic vision serves as a roadmap for a company's future, detailing the specifics of technology, customer focus, geographic and product markets, and the capabilities the organization aims to develop.
- 2) It answers the critical question, "Where are we going?" and provides a compelling rationale for the chosen direction, ensuring it aligns with the company's long-term objectives.
- 3) A strategic vision outlines the organization's aspirations, offering a broad, panoramic view of where it aims to be. It provides a clear direction, charts a strategic path for future endeavors, and helps in shaping the organizational identity.
- 4) **Essentials of a strategic vision:**
 - a) The entrepreneurial challenge in developing a strategic vision is to think creatively about how to prepare a company for the future.
 - b) Forming a strategic vision is an exercise in intelligent entrepreneurship.

- c) A well-articulated strategic vision creates enthusiasm among the members of the organization.
- d) The best-worded vision statement clearly illuminates the direction in which organization is headed.

Question 21: (Model Test Paper-6) / (RTP May 24) / (MTP-I Nov.24)

Define Strategic Management. Also discuss the limitations of Strategic Management.

Answer:

The term '**strategic management**' refers to the managerial process of developing a strategic vision, setting objectives, crafting a strategy, implementing and evaluating the strategy, and initiating corrective adjustments were deemed appropriate.

The presence of strategic management cannot counter all hindrances and always achieve success as there are limitations attached to strategic management. These can be explained in the following lines:

- a) **Environment is highly complex and turbulent.** It is difficult to understand the complex environment and exactly pinpoint how it will shape-up in future. The organisational estimate about its future shape may awfully go wrong and jeopardise all strategic plans. The environment affects as the organization has to deal with suppliers, customers, governments and other external factors.
- b) **Strategic Management is a time-consuming process.** Organisations spend a lot of time in preparing, communicating the strategies that may impede daily operations and negatively impact the routine business.
- c) **Strategic Management is a costly process.** Strategic management adds a lot of expenses to an organization. Expert strategic planners need to be engaged, efforts are made for analysis of external and internal environments, devise strategies and properly implement. These can be really costly for organisations with limited resources particularly when small and medium organisation create strategies to compete.
- d) **Competition is unpredictable.** In a competitive scenario, where all organisations are trying to move strategically, it is difficult to clearly estimate the competitive responses to the strategies.

Question 22: (Model Test Paper-7) / (MTP-II Apr.25) / (MTP-II Dec.24)

Distinguish between Vision and Mission.

Answer:

- 1) The vision describes a future identity while the Mission serves as an on-going and time-independent guide.
- 2) The vision statement can galvanize the people to achieve defined objectives, even if they are stretch objectives, provided the vision is specific, measurable, achievable, and relevant and time bound.
- 3) A mission statement provides a path to realize the vision in line with its values. These statements have a direct bearing on the bottom line and success of the organization.
- 4) A mission statement defines the purpose or broader goal for being in existence or in the business and can remain the same for decades if crafted well while a vision statement is more specific in terms of both the future state and the time frame.
- 5) Vision describes what will be achieved if the organization is successful.

Question 23: (Model Test Paper-8) / (RTP Sept.24)

Strategic management helps an organization to work through changes in the environment to gain competitive advantage. In light of statement discuss its benefits.

Answer:

Strategic management involves **developing the company's vision, environmental scanning, strategy formulation, implementation, evaluation and control.**

It emphasizes monitoring and evaluation of external opportunities and threats in the light of a company's strengths and weaknesses and designing strategies for survival and growth.

It helps in the creation of a competitive advantage to outperform the competitors and also guides the company successfully through all changes in the environment.

The major benefits of strategic management are:

- a) Strategic management gives **directions to the company to move ahead.** It defines the goals and mission.
- b) It helps organisations to be **proactive instead of reactive** in shaping their future.
- c) It provides **frameworks for all major decisions of an enterprise** such as decisions on businesses, products, markets, manufacturing facilities, investments and organisational

structure. It provides better guidance to the entire organisation on the crucial point - what it is trying to do.

- d) It helps organisations to **identify the available opportunities** and identify ways and means to achieve them.
- e) It serves as a **corporate defence mechanism** against mistakes and pitfalls.
- f) It helps to **enhance the longevity of the business**.
- g) It helps the organisation to **develop certain core competencies and competitive advantages** that would facilitate survival and growth.

Questions from ICAI RTP, MTP and Past Exam (till Jan.25 Exam Paper)

Question 24:

(RTP Jan.25)

XYZ Enterprises operates in various sectors, including renewable energy solutions, organic skincare products, eco-friendly packaging, and smart home technologies. The organization is currently in the process of recruiting a Chief Executive Officer. In this scenario, imagine yourself as an HR consultant for XYZ Enterprises. Identify the strategic level that encompasses this role within XYZ Enterprises. Provide an overview of the key duties and responsibilities falling under the Chief Executive Officer's scope.

Answer:

The Chief Executive Officer (CEO) position within XYZ Enterprises operates at the **Corporate Level**. This executive level is key in leading the overall direction, performance, and success of the entire organization. The CEO assumes a central role in shaping the company's strategic vision, overseeing diverse business sectors, and ensuring alignment with organizational goals.

Key Duties and Responsibilities of the CEO:

The CEO's role encompasses various strategic responsibilities at the Corporate Level, involving:

- 1) **Oversee the development** of strategies for the whole organization;
- 2) **Defining the mission and goals of the organization;**
- 3) **Determining what businesses, it should be in;**
- 4) **Allocating resources among the different businesses;**
- 5) **Formulating, and implementing strategies that span individual businesses;**

- 6) **Providing leadership** for the organization;
- 7) Ensuring that the corporate and business level strategies which company pursues are consistent with **maximizing shareholders wealth**; and
- 8) Managing the **divestment and acquisition** process.

Given the diverse nature of XYZ Enterprises, including renewable energy solutions, organic skincare products, eco-friendly packaging, and smart home technologies, the CEO's responsibilities are tailored to navigate the unique challenges and opportunities presented by each sector.

In conclusion, the CEO at the Corporate Level plays a critical role in guiding XYZ Enterprises strategically, ensuring cohesive leadership, and driving sustainable success across its diverse business domains.

Question 25:

(May 24) / (RTP Jan.25) / (MTP-I Mar.25)

'A company's mission statement is typically focused on its present business scope.'
Explain the significance of a mission statement.

Answer:

A company's mission statement is typically focused on its present business scope, **who we are and what we do**. Mission statements broadly describe an organization's present capability, customer focus, activities, and business make up. Mission for an organization is significant for the following reasons:

- 1) It ensures **unanimity of purpose** within the organization.
- 2) It develops a basis, or standard, for **allocating organizational resources**.
- 3) It provides a basis for **innovating the use of the organisation's resources**
- 4) It **establishes** a general tone or **organizational climate**, to suggest a business-like operation.
- 5) It serves as a **focal point** for those who can identify with the **organisation's purpose and direction**.
- 6) It facilitates the **translation of objectives and goals into a work structure** involving the assignment of tasks to responsible elements within the organization.
- 7) It specifies organizational purposes and the **translation of these purposes into goals** in such a way that cost, time, and performance parameters can be assessed and controlled.

Question 26:

(May 24)

Elvis Global is a famous OTT platform facing fierce competition from its competitors amid changing consumer preferences. This has made it difficult to retain customers as the existing television channels are also launching their own platforms. The company has appointed Raghav to lead the company forward as the sales & marketing manager. Raghav needs to design creative and innovative advertising campaigns to gain a competitive edge, engage the public and capture the market.

Identify the strategic level that represents Raghav's role at Elvis Global. As a strategic advisor, highlight the various benefits of strategic management in overcoming different challenges to Raghav.

Answer:

Raghav's role at Elvis Global represents the **Functional level** of strategy. As the sales and marketing manager, his responsibilities are focused on specific areas within the company, particularly on crafting and executing marketing and sales strategies that drive customer engagement and competitive positioning.

Benefits of Strategic Management for Raghav at Elvis Global

Strategic management can provide several benefits to Raghav in addressing the competitive and consumer challenges faced by Elvis Global:

- 1) Strategic management helps Elvis Global define its goals and mission, providing clear **direction for future initiatives**. This ensures that all marketing efforts are aligned with the company's overall vision. It allows Raghav to **set realistic** and achievable **objectives** that support the company's **long-term goals**, ensuring that marketing strategies are both ambitious and attainable.
- 2) Through strategic management, Raghav can **proactively shape the future** of Elvis Global rather than merely reacting to market changes. This allows the company to **anticipate trends and act accordingly**. A proactive approach enables Elvis Global to better manage environmental uncertainties and stay ahead of competitors, ensuring a more controlled and predictable business environment.
- 3) Strategic management provides a robust **framework for making critical decisions** regarding marketing strategies, target markets, and resource allocation. This ensures that all major decisions are wellinformed and strategically sound. It ensures **coherence and**

consistency in decision-making across the organization, aligning marketing strategies with overall business objectives.

- 4) Strategic management helps **identify and exploit new business opportunities**, allowing Raghav to craft **campaigns** that resonate with emerging **consumer preferences and market trends**. By recognizing and capitalizing on these opportunities, Elvis Global can differentiate itself from competitors and capture a larger market share.
- 5) Strategic management **acts as a defence mechanism** against potential mistakes and pitfalls, helping Raghav avoid costly errors in marketing decisions and campaign execution. It provides a structured approach to identifying and mitigating risks, ensuring **more informed and safer decision-making**.
- 6) Strategic management **enhances the longevity and sustainability** of Elvis Global by ensuring that marketing strategies are adaptable and resilient in a dynamic market. It helps the company **establish a clear and deliberate position** within the industry, ensuring sustained relevance and competitiveness.
- 7) Strategic management enables the **development of core competencies** and competitive advantages that are crucial for the company's success. This includes building strong brand identity, innovative content offerings, and superior customer service. By focusing on these strengths, Raghav can ensure that **Elvis Global achieves sustainable growth and maintains its competitive edge** in the OTT market.

Conclusion:

Through strategic management, Raghav can effectively navigate the competitive challenges faced by Elvis Global. By providing clear direction, encouragement a proactive approach, guiding critical decisions, identifying new opportunities, defending against pitfalls, ensuring longevity, and developing core competencies, strategic management enables the company to achieve and sustain a competitive edge. This comprehensive approach will allow Raghav to design innovative advertising campaigns that engage the public, capture the market, and drive the company forward.

Question 27:**(Sept.24) / (RTP May 25)**

Explain in brief the term 'objectives' as part of strategic intent. Also outline the characteristics, the objectives of a company must possess to be meaningful and to serve the intended role.

Answer:

Objectives are an **organization's performance targets** - the results and outcomes it wants to achieve. They **function as yardstick** for tracking an organization's performance and progress. Objectives with strategic focus relate to outcomes that strengthen an organization's overall business position and competitive vitality.

Objectives, to be meaningful to serve the intended role, must possess the following characteristics:

- 1) Objectives should define the organisation's relationship with its environment.
- 2) They should be facilitative towards achievement of mission and purpose.
- 3) They should provide the basis for strategic decision-making.
- 4) They should provide standards for performance appraisal.
- 5) They should be concrete and specific.
- 6) They should be related to a time frame.
- 7) They should be measurable and controllable.
- 8) They should be challenging.
- 9) Different objectives should correlate with each other.
- 10) Objectives should be set within the constraints of organisational resources and external environment.

Question 28:**(Jan.25)**

Outline the main levels of management generally found in an organization. Also explain the types of networks of relationship between these levels and amongst the same levels of a business.

Answer:**Main Levels of Management in an Organization**

In a typical large organization, there are three main levels of management:

- 1) **Corporate Level:** This includes the Chief Executive Officer (CEO), senior executives, and the board of directors. Their primary responsibility is to oversee the organization as a whole, make strategic decisions, define the mission and goals, allocate resources, and manage the corporate portfolio of businesses.
- 2) **Business Level:** This level consists of general managers responsible for specific Strategic Business Units (SBUs). They translate corporate-level strategies into concrete plans for their respective divisions, focusing on creating competitive advantages and achieving profitability.
- 3) **Functional Level:** This level encompasses managers responsible for specific functions such as finance, marketing, and human resources. They develop functional strategies aligned with the objectives set by the corporate and business-level managers and are crucial for implementing strategies effectively.

Types of Networks of Relationship between Management Levels

- 1) **Functional and Divisional Relationship:** This independent relationship operates where each function or division is managed independently, with business-level managers reporting to corporate level managers. For example, finance and marketing functions operate under their respective heads, who report to the division head.
- 2) **Horizontal Relationship:** This flat structure promotes equality among all employees, facilitating openness and transparency. All positions, from top management to staff-level employees, share the same hierarchical status, enhancing idea-sharing and innovation, particularly in startups.
- 3) **Matrix Relationship:** This complex structure combines various departments into project-based teams. It features multiple business level managers for each functional team, making it suitable for large organizations with diverse operations, enabling efficient management of projects across different functions.

These levels and their relationships help streamline decision-making and strategy implementation within an organization, fostering a cohesive approach to achieving business goals.

Question 29:

(MTP-I Mar.25)

XYZ Enterprises operates in multiple industries. Its automobile division functions independently, with separate teams for electric and fuel-based vehicles. The IT division follows a structure where employees report to both project heads and department managers for various software projects. Meanwhile, its startup incubator encourages open collaboration among employees at all levels. Identify the network relationships used in XYZ Enterprises' divisions and explain why they are appropriate.

Answer:

XYZ Enterprises employs different network relationships across its divisions to optimize efficiency and innovation.

- 1) **Automobile Division - Functional and Divisional Relationship:** The automobile division operates independently, with distinct teams handling electric and fuel-based vehicles. Each division is managed by a business level head who directly reports to the corporate-level management. This structure ensures clear accountability, specialization, and focused decision-making. By maintaining independent divisions, XYZ Enterprises can cater to different market segments effectively.
- 2) **IT Division - Matrix Relationship:** The IT division follows a matrix structure where employees report to both project heads and functional managers. This setup allows for efficient resource utilization, as employees contribute to multiple projects while maintaining alignment with their respective departments. The matrix relationship helps manage complex software development projects that require cross-functional expertise, ensuring seamless collaboration among teams like development, marketing, and finance.
- 3) **Startup Incubator - Horizontal Relationship:** The startup incubator promotes a horizontal structure where all employees, regardless of hierarchy, collaborate and share ideas openly. This nurtures transparency, quick decision-making, and innovation, which are essential for startups. Since speed and adaptability are crucial in early-stage ventures, this relationship structure ensures that creative solutions are implemented without bureaucratic delays. By adopting these network relationships, XYZ Enterprises maximizes efficiency, agility, and innovation across its diverse operations.



Notes:

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, leaving small gaps between them. There are no margins, text, or other markings on the paper.