

Total No. of Questions : 6]

SEAT No. :

P1678

[Total No. of Pages : 6

[4970] - 301

M.B.A. (Semester - III)**BUSINESS POLICY AND STRATEGIC MANAGEMENT
(2008 Pattern)***Time : 3 Hours]**[Max. Marks : 70**Instructions to the candidates:*

- 1) *Attempt any three questions from Q.1 to Q.5 they carry 16 marks each.*
- 2) *Question No. 6 is compulsory and it carries 22 marks.*

Q1) How does business policy and strategic management makes study and practice of management more effective?

Q2) A high level business delegate from a reputed pune based medium scale industry attended a recently concluded IIM lucknow sponsored colloquium on strategic management. The team is now quite enthusiastic but still little bit confused as to how exactly to use the OCP tool for the company. Act as a consultant and advise them to use the OCP tool.

[Note -you may choose either textile industry or Readymade garment industry]

Q3) State and explain the various issues involved in strategy implementation w.r.t.

- a) Structural issues
- b) Functional issues
- c) Behavioural issues

Q4) Define & explain the meaning of the term e-commerce and discuss the key success factors in e-commerce.

Q5) Write a short note on (any two):

- a) Strategic control Vs operational control
- b) GE g cell model
- c) Types of strategies
- d) Porter's five forces framework
- e) Core competencies.

P.T.O

Q6) Case study.

Tata- Singapore Airlines JV: SIA taking another shot at India, despite barriers & restrictions:

in the din that followed the unveiling of a partnership between Tata Group and singapore Airlines (SIA) on September 19 to start a full-service airline in India. an announcement by South East Asia's biggest carrier five days later may have gone unnoticed. SIA and SilkAir, its wholly- owned regional offshoot, said they will increase services between India and Singapore to 107 times a week from 98 across II Indian cities, including a third daily service from New Delhi, from October 27, 2013.

Company officials say there is little to link two announcements, but there is no denying that both underscore the importance of India for SIA, Indian aviation has always been a lodestone for the Tatas, but the same is true for SIA. In each futile attempt the Tatas made in the past to enter aviation - creation of a joint venture in the 1990s and purchase of government-owned Air India in 2000- their partner happened to be none other than SIA. SIA was actually one of the first global airlines to enter India, launching services to Chennai as early as 1970. An exposure to India is critical now more than ever owing to two factors a 3-lakh strong Indian diaspora who have settled in Singapore and a growing number of Indian visitors, 9 lakh last year. Nicholas Ionides, vice-president of public affairs at SIA, says India's aviation market has been expanding rapidly and the airline has been eager to participate in this growth story for many years. The time for the joint venture as a new growth opportunity for SIA was right thanks to liberalisation (the government permitted foreign airlines to invest 49% in Indian carriers a year ago), according to him.

Growth (or lack of) story

That is only half the story, In spite of the huge potential, SIA's growth in India has been tempered by bilaterals, or air traffic rights, known as Air Service Agreements (ASAs) in aviation parlance that foreign airlines like SIA are captive to.

The ASAs that India signed with foreign states until recently were complicated and archaic, based on a coefficient of aircraft capacity and the market potential of destinations. To cite an example, a coefficient of 1 was affixed to a Boeing 777 aircraft though few airlines fly the plane any more. Thankfully for SIA, the civil aviation ministry did away with the previous arrangement in April. Singapore was allotted 28,700 seats a week under the revised ASA. GMToh, the affable general manager of SIA's Indian operations, has mixed feelings about the new arrangement. Earlier, it was not uncommon to see empty seats on SIA planes nine on

every flight - due to restrictions on sales. “We had to use smaller aircraft on routes to comply with the rules, he says, sitting in his office in Mumbai. (Guess where the SIA headquarters in India is located- the Taj Mahal Palace at Colaba, a Tata property).

The new arrangement is only slightly better, according to Toh. Archaic rules have gone, but restrictions remain in place. SIA faces seat capacity constraints in all the metros and Coimbatore.

In Delhi and Mumbai, for example, the airline cannot fly more than 6,000 seats a week. ‘We may be flying three flights a day from Mumbai, but we are only using 5,800 seats, he says.

That partly explains why SIA is using just over 20,000 seats of the 28,700 allotted to Singapore under the bilaterals with India. On the Face of it. this is not a bad arrangement, Tiger Airways, a short-haul low-fare airline in which SIA is the largest investor, operates 42 weekly flights to six destinations.

Combined, SIA, SilkAir and Tiger have been allotted 58,000 seats a week in India. according to aviation consultancy Centre for Aviation (Capa). “The number of seats will increase to 65000 driven by additional capacity by SIA on the key Singapore-Delhi route,” it said in a recent report. SIA can also operate freely in 18 cities thanks to India’s agreement with the Asean group of countries to develop tier-2 cities. But the airline flies to only Visakhapatnam. Thiruvananthapuram, Kochi and Ahmedabad due to a combination of poor demand and lack of resources.

Yet, these handicaps don’t rankle Toh as much as the restrictions in Mumbai and Delhi. “Given the huge traffic flowing in and out of these cities [flight times of five hours from Mumbai and five-and-a-half-hour from Delhi to Singapore] and the huge population we have in Singapore. the bilaterals are a big barrier to growth,” he says.

Restrictive Arrangements:

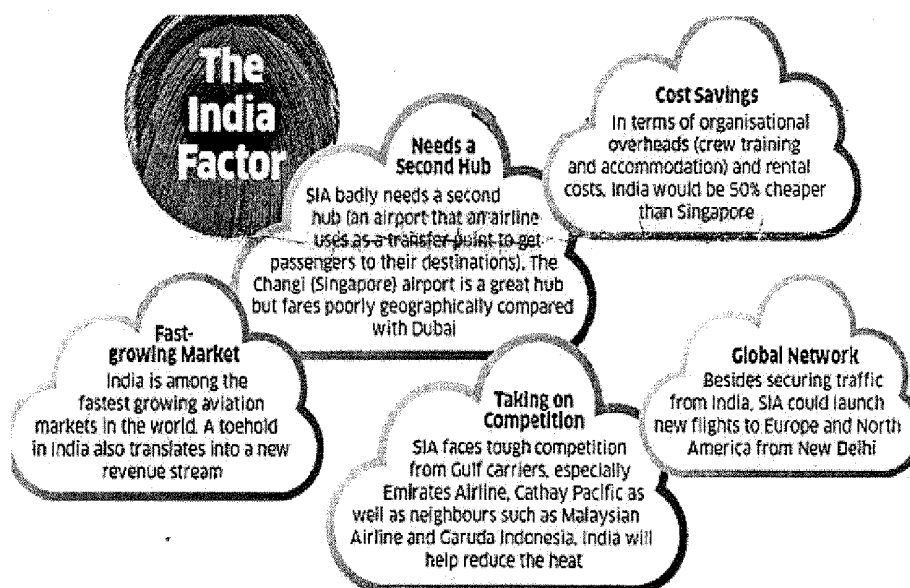
Toh says he would prefer unregulated or lessrestrictive flying rights because his airline has clearly exhausted the bilaterals on preferred routes. SIA has unlimited rights to fly in Australia. China, the US and the UK. “We can fly 100 times to London or Shanghai. Wed prefer market forces determining what we want to do,” he says.

To illustrate how the bilaterals have stunted SIAs growth in India. Toh cites the example of Australia. Australia has barely a bigger population than Mumbai, but SIA runs 120 services a week from Australia compared with 21 flights a week from Mumbai, he says.

The gnawing gap in the number of flights is reflected in passenger numbers. SIA carries 1.1 million Australians to Singapore and 4 lakh people from Singapore to Australia. These numbers dwarf the Indian traffic.

Restrictions apart, the frustration of SIA executives like Toh deepens when the airline's operations in India are stacked up against Gulf carrier Emirates Airline (see How SIA fares against...) on a standalone basis. Despite being an earlier starter in India than the Dubai-based Emirates, SIA has ceded ground to its competitor thanks to the bilaterals. As a 2011 report by national auditor CAG highlighted, India liberally granted flying rights to Dubai from 10,400 seats to 54,000 between 2005 and 2010 - almost double those allotted to SIA.

Emirates was able to secure significant traffic under the bilateral (in aviation parlance this is known as the sixth freedom traffic flying between two countries while stopping in ones own country which meant it could fly passengers from India through Dubai to Europe or the US), leaving in its wake a raft of aggrieved competitors. Indeed, SIA's grief is shared by a raft of airlines such as Lufthansa and Air France.



Raft of Benefits

Richard Aboulafia, vice-president, analysis, Teal Group Corporation, an American aviation consultancy, says in terms of traffic and routes, Emirates is actually copying Singapore, which has done a great job playing the sixth freedom game for years — using the Changi (airport in Singapore) as a hub for traffic between two other points. Problem is “the Gulf carriers, compared with Singapore Air, have better geography and an awful lot more cash”, according to him. Where it could not use bilaterals to gain an edge over competitors, Emirates has struck alliances. Emirates’ partnership with Australia’s Qantas Airways cuts average Journey times from Melbourne and Sydney to top destinations in Europe by more than two hours. The airline has since expanded its network in Australia to 55 destinations with nearly 5,000 flights a week thanks to Qantas’ huge domestic network, giving SIA a run for its money. Meanwhile, the capacity share of Qantas at Singapore’s Changi has fallen to 1.4% from 4%, according to a report by Capa.

To counter this offensive, SIA has increased its stake in Virgin Australia to 19.9% in April. It didn’t take long for SIA to turn its attention to India, one of the fastest-growing markets in the Asia Pacific.

SIA’s renewed push in India through the joint venture with the Tatas should be assessed in the context of these harsh realities. Mark Martin of Martin Consulting, an aviation consultancy based in Dubai says India enhances Sineapore Airlines’ global network footprint by giving the airline a much-needed second hub. “Singapore is a single-city country and as Singapore Air is positioned more as a global airline and less a national carrier, it has always dealt with network growth restrictions,” he says.

Though these are early days, it is safe to assume that the JV with the Tatas will immensely benefit SIA’s international operations from India. Toh declined to comment about how a domestic and international SIA will co-exist in India because he is not authorised to do so, but aviation analysts familiar with the airline’s strategy say synergies are inevitable.

One analyst who did not want to be named says an alliance similar to that between SIA and Virgin Australia is inevitable. SIA has codeshare agreements (seat bought on an SIA flight is actually operated by Virgin under a different flight number or code), shares lounges and frequent flyer programmes with Virgin. “India is a bigger market than Australia and SIA has a bigger stake in the ‘Tata venture than in Virgin; it cannot be anything but a similar arrangement he says.

The Indian airline could also feed the SIA Global network on the lines of the arrangement with silk Ari Capa said having a sister carrier in India would give SIA an advantage over rivals such as Malaysia Airlines and Cathay Pacific as it would be able to increase services between Asia and Singapore and offer domestic connections to India. (see 'The India factor'). "The airline is also expected to operate point-to-point services directly to other destinations in Asia. not necessarily via Singapore" it said.

Craig Jenks, President, Airline/Aircraft Projects Inc. a New York-based airline consultancy. says SIA is a big Airline in very small country. 'They have outgrown it'

Is it any wonder that SIA is taking another shot at India?

How SIA Fares against Emirates

Particulars	SIA	Emirates
Launch	1970	1985
Flights a week	98	185
Destinations	11	10
Fleet	9	17
Market share of India's international passenger traffic	4%	11%
Passengers who traveled to and from India in 2012	1.1Mn	4.7 Mn

- i) What are the influencing factors for a JV (Joint Venture) to materialize?
- ii) Draw a Organizational Capability profile (OCP) for upcoming airlines venture.
- iii) Evaluate & draw strategic advantage profit for (SAP) for total group.
- iv) In your opinion whether this joint venture will be successful ? justify your answer.

