

Intermediate Course

Study Material

Paper 6B

Strategic Management

**(Relevant for May, 2027 and
onward Examinations)**



BOARD OF STUDIES (ACADEMIC)
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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Basic draft of this publication was prepared by CA. (Dr.) Rashmi Goel

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BEFORE WE BEGIN....

The role of a Chartered Accountant has undergone a change substantially and there has been a marked shift towards strategic decision making and entrepreneurial roles that add value beyond financial reporting. The primary factors responsible for the change are the increasing business complexities on account of plethora of laws, border less economies consequent to giant leap in e-commerce, emergence of new financial instruments, emphasis on corporate social responsibility, significant developments in information technology, to name a few. These factors necessitate an increase in the competence of chartered accountants to take up the role of not merely an accountant or auditor, but a global solution provider. Towards this end, the Scheme of Education and Training is being continuously reviewed so that it is in sync with the requisites of the dynamic global business environment; the competence requirements are being continuously reviewed to enable aspiring chartered accountants to acquire the requisite professional competence to take on new roles.

Under the Revised Scheme of Education and Training, at the Intermediate Level, you are expected to not only acquire professional knowledge but also the ability to apply such knowledge in problem solving. The process of learning should also help you inculcate the requisite professional skills, i.e., the intellectual skills and communication skills, necessary for achieving the desired professional competence.

The Chartered Accountants, with their education and skills have strong expertise in the area of accounting, auditing, taxation and business laws. Today, the situation has evolved as they are increasingly occupying key strategic roles in Organizations and have reached the boardrooms. Strategy is important at all levels of Management. Even practicing Chartered Accountants need to appreciate, understand, and implement strategy as they have to manage their affairs professionally and work through highly complex and competitive environment.

Thus, Strategic Management is important for Chartered Accountants. With the changing scope of the chartered accountancy profession and the multifarious nature of the work profile of professionals, the students need to learn newer and different concepts and acquire multidimensional skills. With this focus, the subject

of Strategic Management has been included in the Education and Training of Chartered Accountancy. Chartered Accountants in order to reach high in the Corporate Ladder need to be sound in the concepts and principles of Strategic Management.

The coverage and treatment of the subject in the study material is just a fraction of the available body of knowledge. The study material is meant to be a small window to watch and enjoy the world of business organizations. You are advised to take a keen interest in the subject not merely for passing the examination but for making your own professional career path more manageable and meaningful.

The study material has been designed having regard to the needs of home study and distance learning education. The students are expected to cover the entire syllabus and do practice on their own for better understanding and learning.

The study material deals with the conceptual theoretical framework in detail. The content for each chapter/unit at this level has been structured in the following manner:

- 1. Learning Outcomes** – Learning outcomes which you need to demonstrate after learning each topic have been detailed in the first page of each chapter/unit. Demonstration of these learning outcomes would help you to achieve the desired level of technical competence.
- 2. Chapter Overview** – As the name suggests, this chart/table would give a broad outline of the contents covered in the chapter.
- 3. Introduction** – A brief introduction is given at the beginning of each chapter/unit which would help you get a feel of the topic.
- 4. Content** – The concepts are explained in a student-friendly manner with the aid of examples, diagrams and caselets. These value additions would help you develop conceptual clarity and get a good grasp of the topics. Caselets based on real life situation would help you understand the concept and its application in a better manner.

5. Summary – A summary of the chapter is given at the end to help you revise what you have learnt.

6. Test Your Knowledge – This section comprises of multiple-choice questions, scenario-based questions and questions with descriptive answers. Questions have been included that test the breadth and depth of your understanding of the topic.

Happy Reading and Best Wishes!

SYLLABUS

PAPER 6B: STRATEGIC MANAGEMENT (50 MARKS)

Objective:

To develop an understanding of strategic management concepts and techniques and acquire the ability to apply the same in business situations.

Contents:

1. Introduction to Strategic Management

- (i) Meaning and Nature of Strategic Management
- (ii) Importance and Limitations of Strategic Management
- (iii) Strategic Intent - Vision, Mission and Goals & Values
- (iv) Strategic Levels in Organizations (Corporate, Business, Functional and Network)

2. Strategic Analysis: External Environment

- (i) International and Macro Environment: PESTLE Analysis
- (ii) Defining the industry for analysis (Value Chain, PLC)
- (iii) Porters Five Forces - Industry environment analysis
- (iv) Understanding customers and markets
- (v) Competition in the industry

3. Strategic Analysis: Internal Environment

- (i) Understanding key stakeholders (Mendelow's Model)
- (ii) Strategic Drivers (Industry & markets, Customers, Channels, Product & Services, Competitive Advantage)
- (iii) The role of resources and capabilities
- (iv) Combining external and internal analysis (SWOT Analysis)
- (v) Gaining competitive advantage (Michael Porter's Generic Strategies)

4. Strategic Choices

- (i) Strategic Choices: Concentric, Conglomerate, Market Development, Product Development, Innovation, Horizontal Integration, Vertical Integration, Turnaround, Divesture, Liquidation
- (ii) How to Develop Strategic Options
 - Ansoff's Matrix
 - ADL Matrix
 - BCG Matrix
 - GE Matrix

5. Strategy Implementation and Evaluation

- (i) Implementation: Formulation vs. Implementation Matrix, Linkages and Issues
- (ii) Strategic Change through Digital Transformation
- (iii) Organisation Structure (hard) and Culture (soft)
- (iv) Strategic Leadership
- (v) Strategic Control
- (vi) Strategic Performance Measures

DETAILED CONTENTS

CHAPTER – 1: INTRODUCTION TO STRATEGIC MANAGEMENT

Chapter Overview	1.2
1.1 Introduction	1.2
1.2 Meaning and Nature of Strategic Management	1.3
1.3 Concept of Strategy.....	1.4
1.4 Strategic Management	1.7
1.4.1 Importance of Strategic Management.....	1.8
1.4.2 Limitations of Strategic Management	1.11
1.5 Strategic Intent (Vision, Mission, Goal and Objectives & Values)	1.13
1.6 Strategic Levels in Organisations.....	1.23
1.6.1 Network of relationship between the three levels	1.27
Summary	1.28
Test Your Knowledge.....	1.28

CHAPTER – 2: STRATEGIC ANALYSIS : EXTERNAL ENVIRONMENT

Chapter Overview	2.2
2.1 Introduction	2.2
2.2 Strategic Analysis	2.3
2.2.1 Issues to consider for Strategic Analysis.....	2.5
2.3 Strategic and Business Environment.....	2.8
2.3.1 Micro and Marco Environment	2.10
2.3.2 Elements of Macro Environmental.....	2.11
2.3.3 PESTLE-a tool to analyse Macro Environment.....	2.15
2.3.4 Internationalization of Business	2.18
2.3.5 International Environment	2.20

2.4	Understanding Product and Industry	2.21
2.4.1	Product Life Cycle.....	2.22
2.4.2	Value Chain Analysis.....	2.23
2.5	Industry Environment Analysis	2.26
2.5.1	Porter's Five Forces Model.....	2.26
2.5.2	Attractiveness of Industry	2.33
2.5.3	Experience Curve	2.35
2.5.4	Value Creation	2.36
2.6	Market & Customer	2.38
2.6.1	Customer.....	2.39
2.6.2	Customer Analysis	2.39
2.6.3	Customer Behaviour	2.40
2.7	Competitive Strategy	2.42
2.7.1	Competitive Landscape.....	2.42
2.7.2	Key Factors for Competitive Success	2.44
	Summary	2.46
	Test Your Knowledge.....	2.46

CHAPTER – 3: STRATEGIC ANALYSIS : INTERNAL ENVIROMENT

	Chapter Overview	3.2
3.1	Introduction.....	3.2
3.2	Understanding Key Stakeholders.....	3.3
3.2.1	Mendelow's Matrix.....	3.5
3.3	Strategic Drivers	3.8
3.3.1	Industry and Markets.....	3.8
3.3.2	Customers.....	3.11

3.3.3	Product/Services	3.13
3.3.4	Channels.....	3.16
3.4	Role of Resources and Capabilities: Building Core Competency	3.18
3.4.1	Criteria for building a Core Competencies (CC)?.....	3.20
3.5	Combining External and Internal Analysis (SWOT Analysis)	3.22
3.6	Competitive Advantage: Using Michael Porter's Generic Strategies	3.24
3.6.1	Sustainability of Competitive Advantage.....	3.24
3.6.2	Michael Porter's Generic Strategies	3.25
	Summary	3.35
	Test Your Knowledge.....	3.36

CHAPTER – 4: STRATEGIC CHOICE

	Chapter Overview	4.2
4.1	Introduction.....	4.2
4.2	Strategic Choices.....	4.3
4.2.1	Stability Strategy.....	4.5
4.2.1.1	Characteristics of Stability Strategy	4.6
4.2.1.2	Major Reasons for Stability strategy.....	4.6
4.2.2	Growth/Expansion Strategy	4.7
4.2.2.1	Characteristics of Growth/Expansion Strategy	4.7
4.2.2.2	Major Reasons for Growth/Expansion Strategy	4.8
4.2.2.3	Types of Growth/ Expansion Strategy.....	4.8
A.	Internal Growth Strategies.....	4.8
I	Expansion or growth through Intensification	4.8
II	Expansion or growth through Diversification	4.9

B.	External Growth Strategies	4.14
I.	Expansion through Mergers and Acquisitions	4.14
II	Expansion through Strategic Alliance	4.17
4.3	Strategic Exits	4.18
4.4	Strategic Options	4.23
4.4.1	Ansoff's Product Market Growth Matrix.....	4.23
4.4.2	ADL Matrix.....	4.25
4.4.3	Boston Consulting Group (BCG) Growth-Share Matrix	4.27
4.4.4	General Electric Matrix ["Stop-Light" Strategy Model]	4.30
	Summary	4.32
	Test Your Knowledge.....	4.33

CHAPTER – 5: STRATEGY IMPLEMENTATION AND EVALUATION

	Chapter Overview	5.2
5.1	Introduction	5.2
5.2	Strategic Management Process.....	5.3
5.2.1	Stages in Strategic Management.....	5.4
5.2.2	Strategy Formulation.....	5.9
5.2.3	Strategy Implementation.....	5.12
5.2.4	Difference between Strategy Formulation and Implementation...	5.15
5.2.5	Linkages and Issues in Strategy Implementation	5.17
5.3	Strategic Change through Digital Transformation	5.20
5.3.1	Strategic Change	5.20
5.3.2	How does Digital Transformation work?.....	5.23
5.3.3	Change Management Strategies for Digital Transformation	5.24
5.3.4	How to manage change during Digital Transformation?.....	5.26

5.4	Organizational Framework	5.27
5.4.1	Organization Structure	5.29
5.4.2	Organization Culture	5.47
5.5	Strategic Leadership	5.51
5.6	Strategic Control.....	5.56
5.7	Strategic Performance Measures.....	5.60
	Summary	5.64
	Test Your Knowledge.....	5.65
	CASE SCENARIOS.....	CS.1 – CS.13