

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER 3– • EXAMINATION – SUMMER 2017

Subject Code: 2830001

Date: 06/05/2017

Subject Name: Strategic Management

Time: 02.30 pm to 05.30 pm

Total Marks: 70

Instructions:

- 1. Attempt all questions.**
- 2. Make suitable assumptions wherever necessary.**
- 3. Figures to the right indicate full marks.**

Q – 1 (A) Find the correct option. Each is carrying 1 mark.

6

1) The establishment of new wholly owned subsidiary is referred to as a _____.

- | | |
|-----------------------|----------------|
| a) Joint venture | b) Franchising |
| c) Greenfield Venture | d) Exporting |

2) _____ are the markets in which the firm's capabilities that contribute to competitive advantage aren't shielded from imitation and where imitation is often rapid and inexpensive

- | | |
|--------------------------|-----------------------|
| a) Fast-cycle market | b) Sustainable market |
| c) Standard cycle market | d) Slow cycle market |

3) Analysis of _____ is focused on the factors and condition influencing a firm's profitability within industry.

- | | |
|-------------------------|-------------------------|
| a) General Environment | b) Industry Environment |
| c) Competitive Analysis | d) None of the above |

4) _____ is the degree to which a firm operates vertically in multiple locations on an industry's value chain from extracting raw materials to manufacturing to retailing.

- | | |
|------------------------------|----------------------------|
| a) Unrelated diversification | b) Vertical Integration |
| c) Merger | d) Related Diversification |

5) _____ strategy is the ability to provide unique and superior value to the buyer in terms of product quality, special features, or after-sale service.

- | | |
|---------------------------------|------------------------------|
| a) Low cost Leadership Strategy | b) Corporate level Strategy |
| c) Integrated Strategy | d) Differentiation strategy. |

6) A corporate strategy in which large multi-business corporations compete against other large multi-business firms in a number of markets is called

- | | |
|------------------------------|---------------------------|
| a) Multipoint competition | b) Monopolist Competition |
| c) Oligopolistic Competition | d) None of above |

Q-1 (B) Explain the terms: 4

1. Strategy Network
2. Core competencies
3. Leverage buyout
4. Conglomerate Merger

Q-1(C) Explain the terms – Market Commonality, Resource Similarity. How can be these exploited to analyze the competitors? 4

Q-2(A) What is Corporate Social Responsibility? How can it help the firm in its long term strategy? 7

Q-2(B) What is Organizational Culture? How do Strategic Leaders help to develop and sustain an effective organizational culture? 7

OR

Q-2(B) Discuss some of methods of International Market Entry modes as part of International Strategy 7

Q-3(A) Compare and Contrast I/O model and Resource base model of above average return with relevant example 7

Q-3(B) How are invention, innovation, and imitation interrelated? What is their relationship with strategic entrepreneurship? 7

OR

Q-3(A) What are the four criteria used for sustainable competitive advantage? 7

Q-3(B) Write a short note on the corporate governance scenario in India. 7

Q-4(A) What is the relationship between strategy and structure? In what scenario is a multidivisional structure appropriate? 7

Q-4(B) “ Balance score card is an effective tool of organizational control “. Discuss 7

OR

Q-4(A) Discuss the potential motives for the firm’s decision to employ acquisition strategy for achieving strategic competitiveness 7

Q-4(B) What are various levels of diversification? What are various reasons for diversification? 7

Q-5 Case Study 14

Nearly a decade and half ago, ITC redefined its corporate vision – putting sustainability and inclusive growth at the top of its agenda whilst committing itself to measuring performance along triple bottom line dimensions. It is ITC’s belief that businesses must proactively promote strategies for inclusive and equitable growth, especially in India, where enormous global challenges like social inequity and environmental degradation assume even more complex dimensions. ITC places equal emphasis on building economic, environmental and social value, and it has crafted innovative models that simultaneously generate sustainable livelihood

opportunities and renew ecological resources, supported by the bedrock of solid financial performance. This abiding vision to create enduring value for all stakeholders and subserve national priorities has powered a multi-pronged strategy to enhance economic contribution through the creation of multiple drivers of growth and world-class Indian brands, to enable benchmarked environmental practices within its units for climate change mitigation and adaptation, as well as to contribute to large scale livelihood creation and natural resource augmentation through its integrated rural development programs. ITC's commitment to being an engine of growth for the Indian economy and generating larger societal value is manifest in the creation of multiple drivers of growth, carefully selecting business areas in line with emerging opportunities in the evolving Indian market and in which it can leverage expertise, competencies and domain knowledge from its range of businesses. This strategy has fuelled ITC's entry into the consumer goods sector in several new categories – branded packaged foods, personal care, branded apparel and lifestyle retailing, education & stationery products, safety matches and incense sticks. By investing in building these world-class Indian brands, ITC contributes to national development by creating, capturing and retaining value in the country. To address the challenges of environmental degradation, ITC constantly strives to minimize its environmental impact – from leading-edge manufacturing processes in its factories to building the largest, greenest hotels in India, and making it a priority to clean up the eco-footprint of all aspects of its operations as far as possible as well as expanding its renewable energy portfolio. To foster sustainable and inclusive growth, ITC has spearheaded an Integrated Rural Development Program to empower farmers and raise rural incomes. The strategy of this intervention is broadly centred on four distinct dimensions, which together enable a comprehensive development of the rural ecosystem. These dimensions are in the areas of (i) information and knowledge dissemination (ii) access to quality inputs and markets (iii) generating supplementary incomes, and (iv) natural resource augmentation. Farmers are provided with critical information and relevant knowledge on farm productivity, prices and markets through ITC e-Choupal. This platform also enables access to quality inputs for better productivity besides expanding their reach to markets. Initiatives such as Livestock Development and Women's Economic Empowerment create avenues for supplementary non-farm incomes to protect against agri-income volatility as well as build capacities for investment. Watershed Development and Afforestation Programs augment natural resources to enable higher productivity, create green cover and restore soil health. Taken together, the ITC e-Choupal programs address the needs and concerns of communities engaged in agriculture and have had a transformational impact in many areas of rural India. For ITC, the state of agriculture and agricultural communities is an area of direct concern. Its agri-business is among the country's largest, and several of its other businesses, which span consumer goods, hotels, paperboards & specialty papers, packaging and information technology, are critically dependant on agri-inputs for raw materials. Its branded packaged foods business, for example, one of its consumer goods categories, is among the fastest growing in India, with a number of top food brands in its stable. This puts thousands of agricultural communities across the country squarely at the heart of ITC's multiple value chains. ITC's Agri Business Division (ITC ABD) is a top player in the national sector and India's second largest exporter of agri-products. Set up in 1988, the Division underwent several evolutions of product lines and strategies, but more or less consolidated its structure and portfolio around 2000 – the year e-Choupal was launched. It currently focuses on export and domestic trading of feed ingredients (soyameal), food grains (wheat), marine products (shrimps and prawns), processed fruits (fruit purees/concentrates, IQF/frozen fruits, organic fruit products) and coffee. Over time, it has established extensive linkages with farmers and its position as one of India's leading corporate in the agricultural sector and the food industry stems from its integrated and holistic approach that aims to add value and raise quality at every stage of the agricultural value chain.

Questions :

1. Explain the ITC's growth strategies? 7
2. How ITC e-Choupal helped to earn competitive advantage ? 7

OR

Q-5 Case study 14

Jagmohan Pvt Ltd was promoted nineteen years back as company manufacturing automobile parts with an investment of Rupees 5 crores by Shrikant Shetty. He took over as its chief executive and is occupying the same position till date. Shrikant Shetty an automobile engineer himself possessed rich experience of working abroad and in Hindustan Motors Ltd in India. He is dynamic and ready to take risk. He always emphasized on maintaining high quality standards. Initially, the products were supplied to automobile service centres all across the country. The market was small and the company suffered some losses. Eight years after its inception the company entered into an agreement with Maruti Udyog Ltd to manufacture and supply specific

components for their small car. This agreement was a turning point for the company. Later the company was able to enter agreements with other companies entering India. The company is able to manage a growth rate of over 25% in last five years. Its turnover in the last financial year exceeded 800 crores. The overall market is also witnessing a very high growth rate. Shrikant Shetty also possessed strong behavioural skills and allowed some autonomy and discretion to the senior managers of the company. A year back in an internal meeting Shrikant Shetty felt that the company can grow still faster if it enters other markets outside India. Various options were

analysed and efforts were made to discuss and negotiate with major manufacturers of the world. Getting some response from two manufacturers in European Union the company opened an office in London. Shrikant Shetty closely monitored the day-to-day working of this office. Having strategic implications all major decisions were taken by himself. He will also visit

London every month to have first hand information about its working. However, as the company is growing it is becoming increasingly difficult for him to manage this office. He also wants to expand further. He called a meeting with head of various departments. In the meeting following alternatives were considered for foreign market:

- Continue to manufacture products in India and export them to other countries.
- Initiate manufacturing activities in other countries.
- Takeover existing manufacturers of the products.

Answer the following questions:

1. Write a note on reasons for Jagmohan Pvt Ltd to open office in London? **4**
2. What should be the strategy of the company in a high growth market? Why? **5**
3. Make an analysis of various alternatives that are being considered for expanding in foreign markets? **5**