

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3 – EXAMINATION – SUMMER 2019

Subject Code: 3539201

Date: 02/05/2019

Subject Name: Strategic Management

Time: 02:30PM to 05:30PM

Total Marks: 70

Instructions:

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

- Q.1** Explain the following terms in brief: **14**
(a) Corporate Social Responsibility
(b) Rare Capabilities
(c) Strategic Alliance
(d) Corporate Entrepreneurship
(e) Core competencies
(f) Key Success Factors
(g) Jugaad
- Q.2** (a) Write a short note on Balanced Scorecard. **07**
(b) Which model is more relevant for generating above average returns, The I/O model or the resource-based model or both? Why? **07**
- OR**
- (b) Explain Porter's Five Force Model with application in an organization of your choice. **07**
- Q.3** (a) Explain different types of business-level strategies with suitable examples. **07**
(b) Why do Companies diversify? Explain in detail? **07**
- OR**
- Q.3** (a) Explain the concept of Value Chain Analysis with suitable example of an Indian company. **07**
(b) Describe the advantages and disadvantages of being a first mover, second mover, and late mover? **07**
- Q.4** (a) Write a short note on organizational structure and organizational control. **07**
(b) What can be the potential motives for the firm's decision to employ acquisition strategy for achieving strategic competitiveness? **07**
- OR**
- Q.4** (a) What do you mean by Blue Ocean Strategy? Explain how a company gets competitive advantage with the help of Blue Ocean Strategy? **07**
(b) What is the relationship between strategy and structure? In what scenario is a multidivisional structure appropriate? **07**
- Q.5** **CASE STUDY of MARUTI UDYOG LIMITED – The Competition Ahead :**

The first imported car was seen in India in the year 1928. Since then the Automobile Industry in India has come a long way. With only two players in the market in the 1940s, the twenty-first century has the automobile industry flooded with myriad number of players in the market, both local and foreign, all vying for a share of the pie.

The intensity of competition in an industry is a function of five competitive forces: the threats posed by new entrants, bargaining power of buyers, bargaining power of suppliers, threat of substitute products and rivalry among competing firms. The case attempts to analyze the industry from the view point of Maruti Udyog Limited, which has been the leading player in India for last 2 decades. Over the years, although the company has managed to maintain its *numero uno* position, it has constantly faced the challenge of decreasing market share from 80% in the 1990s to around 51% by the end of the financial year 2007. The rating for the company about its quality of products and services has gone into a tail spin. Has the standards of the company fallen or is it the result of the intense rivalry in the over-crowded automobiles market?

With growing incomes, people no longer look at cars as a means of transport. It has become an integral part of an Indian city dweller's lifestyle and a luxury symbol. In such a dynamic environment, it is essential for car manufacturers to revisit their business and technology strategy. Differentiated products would deliver more value to the customers and might help to overcome customer loyalties in the path to growth. Realizing the importance of novelties, the focus of competition is gradually shifting towards innovative designs and processes to manufacture them.

The company started by carving out a niche for itself by being a cost leader. It followed a "value-for-money" pricing strategy. This, it was able to achieve through the indigenization of its vehicles and a strong supplier as well as distribution network. Maruti 800 was perceived as an easy entry to car ownership for the vast majority of two wheeler users and first time car purchasers.

New players in the market like Hyundai India Limited and Tata Motors decided to tap the sentiments of customers who perceived cars as something more than a mode of transport. Innovation was the hallmark of the new players in the market and they were continuously innovating in the market place.

Maruti Suzuki has tried to meet competition by coming out with utility variants like Omni, Gypsy etc. and upgraded versions such as Zen, Alto etc. But it has not managed to change the mindset of the people who still perceive MUL to be a mass based car manufacturer. That MUL has not been able to meet the people's expectations is evident from its decreasing market share. The customers are increasingly becoming selective. The biggest dilemma before MUL's management is to whether change its corporate profile or further strengthen its core competency of low cost manufacturing through improved productivity, economies of scale, Focused Value Analysis and Value engineering efforts, leaner operations and tighter inventory controls. Although Maruti offers a vehicle at every point in the price range from Rs. 2 lakh to Rs. 8 lakh, the competition in the higher value segment is intense with many international players offering designs which Maruti would take time to adopt.

Maruti boasts of an impressive network of suppliers and dealers which till date has not been paralleled by other players in the market. In

order to maintain a competitive edge in the market, Maruti should continue to nurture and strengthen its relationship with its dealers. The owners of Maruti cars enjoy the privilege of easy availability of spares and accessories and a wide network of authorized service points.

- (a) What is the structure of Automobile Industry? **07**
- (b) Describe the changing external environment of business in which MUL has been operating? **07**

OR

- Q.5**
- (a) Bring out the Strengths and Weaknesses of MUL and Explain what are the Opportunities and Threats ahead for it? **07**
 - (b) What strategy MUL should adopt to increase its market share? **07**
