

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER III – EXAMINATION – WINTER 2019**

**Subject Code: 4539201****Date: 28/11/2019****Subject Name: Strategic Management****Time: 10.30 am to 01.30 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** Explain following terms.**14**

- (a) Strategy
- (b) Vision
- (c) Mission
- (d) Driving forces of an Industry
- (e) Competence
- (f) Core competence
- (g) Distinctive competence

**Q.2 (a)** Explain with example the four tests a company needs to pass in order to prove its 'competitive power of a resource strength'. **07****(b)** Discuss with an example of your choice the "low cost provider strategy" in the five generic competitive strategic framework. How a company can achieve cost advantage? **07****OR****(b)** Explain 'broad differentiation strategy'. Give three examples of companies practicing this strategy. In which cases differentiation strategy works best? **07****Q.3 (a)** What is a strategic alliance? Why & how strategic alliances are beneficial? Give two examples of strategic alliance. **07****(b)** What is the relevance and importance of Wipro's 'String of Pearls' strategy? **07****OR****Q.3 (a)** "Companies need to aspire for global leadership, not domestic". Do you agree with the statement? Justify your answer. Also explain the conceptual difference between 'multi-country competition' & 'global competition'. **07****(b)** When entry barriers are low and demand is extensive and diverse across geographic locations, the industry get fragmented. Do you consider the real estate development industry in Ahmedabad is facing supply side fragmentation? What are the reasons for it? What are the strategy options for a company when an industry is facing supply side fragmentation? **07****Q.4 (a)** What are the situations or factors that signal to a company that it is a time to diversify? What can be the ultimate justification for diversification? **07****(b)** Crompton Greaves' board has approved its business to be demerged into two **07**

separate corporate identities, namely Crompton Greaves Consumer Products Ltd. and Crompton Greaves Industrial Products Ltd. Discuss the rationale for this decision.

**OR**

- Q.4 (a)** What do we mean by corporate social responsibility? Explain in brief the different categories of socially responsible business behavior. **07**
- (b)** What is the 'Hawthorne Effect'? Enlist at least five important values of any company of your choice. **07**

**Q.5**

Wal-Mart has achieved a very substantial cost & pricing advantage over rival supermarket chains both by revamping portions of the grocery retailing value chain and by outmanaging its rivals in efficiently performing various value chain activities. Its cost advantage stems from a series of initiatives and practices:

- Instituting extensive information sharing with vendors via online systems that relay sales at its checkout counters directly to suppliers of the items, thereby providing suppliers with real-time information on customer demand and preferences (creating an estimated 6% cost advantage). It is standard practice at Wal-Mart to collaborate extensively with vendors on all aspects of the purchasing and store delivery process to squeeze out mutually beneficial cost savings. Procter & Gamble, Wal-Mart's biggest supplier, went so far as to integrate its enterprise resource planning (ERP) system with Wal-Mart's.
- Pursuing global procurement of some items & centralizing most purchasing activities so as to leverage the company's buying power (creating an estimated 2.5% cost advantage).
- Investing in state-of-the-art automation at its distribution centers, efficiently operating a truck fleet that makes daily deliveries to Wal-Mart's stores, and putting assorted other cost-saving practices into place at its headquarters, distribution centers & stores (resulting in an estimated 4% cost advantage).
- Striving to optimize the product mix & achieve greater sales turnover (resulting in about 2% cost advantage).
- Installing security systems & store operating procedures that lower shrinkage rates (producing a cost advantage of about 0.5 %).
- Negotiating preferred real estate rental & leasing rates for store sites (yielding cost advantage of 2%).
- Managing & compensating its workforce in a manner that produces lower labor costs (estimated 5% cost advantage).

Altogether, these value chain initiatives give Wal-Mart an approximately 22% cost advantage over Kroger, Safeway, and other leading supermarket chains. With such a sizable cost advantage, Wal-Mart has been able to under price its rivals & become the world's leading supermarket retailer.

- (a)** How Wal-Mart managed its value chain to achieve low-cost advantage over rival supermarket chains? **07**
- (b)** What strategic options are available to the competitors of Wal-Mart in order to compete effectively with Wal-Mart? **07**

**OR**

- (a)** Make strength & weakness analysis of Wal-Mart's strategy. **07**
- (b)** Make opportunities & threat analysis of Wal-Mart's strategy. **07**

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