

PGDM – IB 2017-19
 International Strategic Management - IB ~~00404~~
 Trimester – IV, End-Term Examination: September 2018

Time allowed: 2 Hrs 30 Min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Section - A (3 out of 5 short questions, 5 marks each)

1. Economies of scale exist if average costs are lower at higher levels of production. What actions can be taken by firms that result in economies of scale?
2. How does business strategy differ from corporate strategy? Give an example of a TATA Group differentiating at domestic and global market level.
3. What is the role of environment analysis in strategy formation? Characterize 5 forces model, strategic group analysis and stakeholder analysis.
4. Characterize the sources of competitive advantage in modern firms. Compare Porter's approach (low cost/ differentiation) with the RBV (Resource-Based View, VRIO model).
5. What is the role of organizational analysis in strategy formation? Characterize Benchmarking analysis and value chain analysis.

Section - B (2 out of 3 long questions, 10 marks each)

1. If Grand Strategy matrix is defined already defined for you as below, give 3 examples of Indian companies (could be foreign MNC in India) for each quadrant and your argument to select it in not more than 3-4 lines.

Rapid Market Growth		
Weak Competitive Position	Quadrant II: Market development Market penetration Product development Horizontal integration Divestiture Liquidation	Quadrant I: Market development Market penetration Product development Forward integration Backward integration Horizontal integration
	Quadrant III: Retrenchment Concentric diversification Horizontal diversification Conglomerate diversification Divestiture Liquidation	Quadrant IV: Concentric diversification Horizontal diversification Conglomerate diversification Joint ventures
		Strong Competitive Position

Slow Market Growth 7

2. We found that logic of different strategic framework breaks into three archetypes – position, leverage, and opportunity strategy. What is right for the company depends upon ability of management to assess the environment and resources. You are required to discuss the three strategies as given in framework below with ONE Indian company example for each.

	POSITION STRATEGY	LEVERAGE STRATEGY	OPPORTUNITY STRATEGY
STRATEGY	Build mutually reinforcing resource systems with many resources in an attractive strategic position. Deepen their links.	Build strategically important resources for current markets. Leverage them into attractive new products and new markets.	Pick a few strategic processes, deep and swift flows of opportunities. Learn simple rules to capture opportunities.
Circumstances Best for	Stable environments	Moderately dynamic environments	Dynamic environments
Resources	Often mundane	Strategically important (i.e., valuable, rare, inimitable and nonsubstitutable)	Opportunity-rich strategic processes guided by simple rules
Relationships	Tightly interlocked resources	Moderately linked resources	Loosely linked resources
Basis of Competitive Advantage	A cost leadership or differentiated strategic position that is defensible	Ownership of specific strategically important resources that can be leveraged	Capture of attractive opportunities before rivals
Sustainability of Advantage	Long term	Medium term	Unpredictable
Inimitability of Advantage	Through causal ambiguity of tightly linked resources plus time to develop the resource system and path dependence	Through property rights, path dependence and time needed to develop the same resources	Through first-mover advantage, the challenge of inferring rules from partially improvised outcomes
Challenges	Adjusting system of tightly linked resources quickly enough and without producing negative synergy	Adjusting resource portfolio without being blocked by cognitive and political rigidities	Maintaining "edge of chaos" with the right number and types of processes. Timely pivoting to better strategic processes

3. Porter's model of Five Competitive Forces has been subject of much critique. Debate this in light of market structure, competition, market dynamism, and business model.

Section C (case study, 15 marks)

Middleman Business Challenge

The rise and rise of E-commerce has radically transformed the way the world does business at every imaginable level—from the smallest of small businesses taking its first hesitant step into the online marketplace to the cut and thrust of global competition, where the biggest online players vie to dominate the market.

The increasing importance of the global market is driven in part by the ubiquity of smartphones and other mobile devices as well as the ever-growing availability of Wi-Fi access, not only within the home, but also in public areas, such as cafes, shopping malls and bricks and mortar stores. These factors have come together to create an environment which facilitates online purchases at almost any time and in practically any location. The online businesses which have benefited most from this environment are, not surprisingly, those who have invested in an online presence which has been optimized for mobile customers. With providers such as Livecity offering simple to use website building tools with drag and drop interfaces that can be used to create both traditional and mobile-optimized sites, this option is increasingly available to even the smallest businesses.

As the online market continues to expand, evolve and mature, it looks set to continue to change the global market for many years into the future. While all this change has brought with it many new opportunities for businesses to reach out to new clients and customers as well as to partner with one another it has also uncovered new challenges which the business community will have to address. These include ensuring safe payments with innovative payment solutions such as that developed by PayPal, as well as creating attractive online stores and an integrated shopping experience for their customers.

So what is on the horizon for the global e-commerce? Today, retailers and other businesses of every type and size can glean indications of where the global market is headed by looking at the ways in which some of the big name players, such as Amazon, Facebook, eBay and Google are developing and the kinds of research and technology those companies are investing in. This is not to forget, of course, the importance of China's online marketplace, which, with heavy hitters such as Alibaba, Baidu and Tencent, looks increasingly set to take its place at the forefront of the global economy. These businesses, too, are important indicators of the ways in which the worldwide online market is developing.

There is much that smaller businesses can learn from the strategies currently being implemented by all these big players. It is telling, for example, that world class E-commerce strategies include considerable investment in groundbreaking payment technologies which are geared to counteract the risk of fraud. Security risks of all kinds continue to be a threat which online businesses of all sizes must be vigilant about because, while secure payment systems become ever more sophisticated, so do the methods of fraudsters and other criminals who would seek to undermine those systems. The big online businesses also continue the quest to enhance the customer's experience of shopping in their Online Store by putting time and money into the development of next generation search technologies.

Case questions:

1. How is e-commerce different from the Wal-Mart supply chain model and what are difficulties of e-commerce in a market like India?
2. What are first precautions in entering an e-commerce space on pricing and supply chain issues?
3. What should be your strategy to enter the market if there are already 5 players in your industry of 5 years. Take example of an industry.