

14 FEB 2023

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Question Paper Code	21286
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**M.B.A - DEGREE EXAMINATIONS, NOV/DEC 2022**  
Third Semester  
**Master of Business Administration**  
**20MBT302 - STRATEGIC MANAGEMENT**  
(Regulations 2020)

Duration: 3 Hours

Max. Marks: 100

**PART - A (10 × 2 = 20 Marks)**  
Answer ALL Questions

- |   | <i>Marks,<br/>K-Level,CO</i> |
|---|------------------------------|
| 1. List out the four elements of strategic management.                                  | 2,K2,CO1                     |
| 2. Outline any four benefits of strategic management.                                   | 2,K2,CO1                     |
| 3. Demonstrate the different types of competencies.                                     | 2,K1,CO2                     |
| 4. Infer any two nature or characteristics of an industry entering into decline stage.  | 2,K2,CO2                     |
| 5. Interpret the term backward integration with an example.                             | 2,K2,CO3                     |
| 6. Recall any three strategies used by companies to enter into global market.           | 2,K1,CO3                     |
| 7. Define resource allocation.  | 2,K1,CO4                     |
| 8. Recall the barriers to strategy implementation.                                      | 2,K2,CO4                     |
| 9. Demonstrate the difference between technology and innovation with suitable examples. | 2,K2,CO5                     |
| 10. Define VUCA acronym and explain what it brings to the environment.                  | 2,K1,CO5                     |

**PART - B (5 × 13 = 65 Marks)**  
Answer ALL Questions

11. a) As a strategic consultant draft a strategic formulation process for new manufacturing company. 13,K4,CO1
- OR**
- b) "Is it difficult to implement Corporate Governance in Indian Business Environment". Discuss 13,K4,CO1
12. a) Explain the external environment factors that have a huge influence on service sector company of your choice. 13,K3,CO2
- OR**
- b) Elaborate the significance of capabilities and competencies, core competencies, low cost and differentiation generic building blocks of competitive advantage. 13,K3,CO2

K1 – Remember; K2 – Understand; K3 – Apply; K4 – Analyze; K5 – Evaluate; K6 – Create **21286**

13. a) A&B Ltd is a FMCG company wants to go global. What are the different strategies available for them to adopt? If they want to be more of local responsiveness, then which strategy will be more suitable? *13,K4,CO3*

**OR**

- b) Johnson corporation has three SBUs. In last financial year, one of the SBU is incurring a huge loss. As a strategic manager what are the different strategies you will consider to retrieve the SBU. *13,K4,CO3*

14. a) As a Strategic manger, explain the various techniques of strategic evaluation and control. *13,K3,CO4*

**OR**

- b) Politics, Power and conflicts are some of the major challenges faced during strategic implementation. Do you agree? Justify. *13,K3,CO4*

15. a) Elaborate the strategic issues and challenges for Non Profit Organizations. *13,K3,CO5*

**OR**

- b) Twenty first century is known as a VUCA world. How this has changed the business world? *13,K3,CO5*

**PART - C (1 × 15 = 15 Marks)**  
**(Compulsory)**

16. a) **IKEA: Earning through Five Forces**

National Competitive Advantage of IKEA IKEA Group, a Swedish company founded in 1943 with its headquarters in Denmark, is a multinational operator of a chain of stores for home furnishing and furniture. It is the world's largest furniture retailer, which specializes, in stylish but inexpensive Scandinavian designed furniture. At the end of 2005, the IKEA Group of Companies had a total of 175 stores in 31 countries. In addition, there are 19 IKEA stores owned and run by franchisees, outside the IKEA Group, in 12 countries. During the IKEA financial year 2004-2005, 323 million people visited our IKEA stores around the world.

In Sweden, nature and the home both play a big part in people's lives. In fact, one of the best ways to describe the Swedish home furnishing style is to describe nature – full of light and fresh air, yet restrained and unpretentious.

To match up, the artists Carl and Karin Larsson combined classical influences with warmer Swedish folk styles. They created a model of Swedish home furnishing design that today enjoys world-wide renown. In the 1950s the styles of modernism and functionalism developed at the same time as Sweden established a society founded on social

equality. The IKEA product range – modern but not trendy, functional yet attractive, human-centered and child-friendly – carries on these various Swedish home furnishing traditions.

The IKEA Concept, like its founder, was born in Småland. This is a part of southern Sweden where the soil is thin and poor. The people are famous for working hard, living on small means and using their heads to make the best possible use of the limited resources they have. This way of doing things is at the heart of the IKEA approach to keeping prices low.

IKEA was founded when Sweden was fast becoming an example of the caring society, where rich and poor alike were well looked after. This is also a theme that fits well with the IKEA vision. In order to give the many people a better everyday life, IKEA asks the customer to work as a partner. The product range is child-friendly and covers the needs of the whole family, young and old. So together we can create a better everyday life for everyone.

In addition to working with around 1,800 different suppliers across the world, IKEA produces many of its own products through sawmills and factories in the IKEA industrial group, Swed wood. Swed wood also has a duty to transfer knowledge to other suppliers, for example by educating them in issues such as efficiency, quality and environmental work.

Swed wood has 35 industrial units in 11 countries.

**Purchasing:** IKEA has 42 Trading Service Offices (TSO's) in 33 countries. Proximity to their suppliers is the key to rational, long-term co-operation. That's why TSO co-workers visit suppliers regularly to monitor production, test new ideas, negotiate prices and carry out quality audits and inspections.

**Distribution:** The route from supplier to customer must be as direct, cost-effective and environmentally friendly as possible. Flat packs are an important aspect of this work:

Eliminating wasted space means we can transport and store goods more efficiently. Since efficient distribution plays a key role in the work of creating the low price, goods routing and logistics are a focus for constant development.

**The Business Idea:** The IKEA business idea is to offer a wide range of home furnishings Notes with good design and function at prices so low that as many people as possible will be able to afford them. And still have money left! The company targets the customer who is looking for value and is willing to do a little bit of work serving themselves, transporting the items home and assembling the furniture for a better price. The typical IKEA customer is young low to middle income family.

**The Competition Advantage:** The Competition Advantage Strategy of IKEA's product is reflected through IKEA's success in the retail industry. It can be attributed to its vast experience in the retail market,

product differentiation, and cost leadership.

**IKEA Product Differentiation:** A Wide Product Range The IKEA product range is wide and versatile in several ways. First, it's versatile in function. Because IKEA think customers

shouldn't have to run from one small specialty shop to another to furnish their home, IKEA gather plants, living room furnishings, toys, frying pans, whole kitchens – i.e., everything which in a functional way helps to build a home – in one place, at IKEA stores.

Second, it's wide in style. The romantic at heart will find choices just as many as them in list at IKEA. But there is one thing IKEA don't have, and that is, the far-out or the over-decorated. They only have what helps build a home that has room for good living.

Third, by being coordinated, the range is wide in function and style at the same time. No matter which style you prefer, there's an armchair that goes with the bookcase that goes with the new extending table that goes with the armchair. So their range is wide in a variety of ways.

**Cost Leadership:** A wide range with good form and function is only half the story. Affordability has a part to play – the largest part. A wide range with good form and function is only half the story. Affordability has a part to play – the largest part. And the joy of being able to own it without having to forsake everything else. And the customers help, too, by choosing the furniture, getting it at the warehouse, transporting it home and assembling it themselves, to keep the price low.

**Questions:**

1. Do you think that IKEA has been successful to utilize Porter's Five force analysis? Give reasons. 8,K4,CO6

2. Where do you think can IKEA improve? 7,K4,CO6