

STGM 8001	Strategic Management	L	T	P	C
Version 1.0		3	0	0	3
Pre-requisites/Exposure	Graduate				
Co-requisites	--				

Course Objectives

1. To introduce the concepts of strategic management and understand its nature in competitive and institutional landscape
2. To provide an underpinning of
 - a. Strategy formulation process and frameworks, tools and techniques of strategic analysis and its application.
 - b. Key business issues/challenges/problems of business in light of dynamic business environment.
 - c. Strategy execution process, framework and its criticality.
 - d. Assessing strategic performance of a firm
 - e. Appreciation of theoretical and empirical foundation of SM background
3. To develop
 - a. A holistic approach to see business issues comprehensively and using other core and functional subject knowledge for decision-making.
 - b. Conceptual, diagnostic and analytical and conceptual skills in strategy formulation and execution.
4. Identification, appreciation and interpretation of the critical challenges and opportunities before an organization.

Course Outcomes

On completion of this course, the students will be able to

1. Students will be able to describe major theories, background work, concepts and research output in the field of strategic management.
2. Students will demonstrate a clear understanding of the concepts, tools & techniques used by executives in developing and executing strategies and will appreciate its integrative and interdisciplinary nature.
3. Students will be able to demonstrate effective application of concepts, tools & techniques to practical situations for diagnosing and solving organisational problems.
4. Students will be able to demonstrate capability of making their own decisions in dynamic business landscape.
5. Students will be able to develop their capacity to think and execute strategically.

Catalog Description

Some fundamental questions of business are answered by discipline of Strategic Management (SM) e.g why some firms are highly successful. Why some firms are able to achieve relatively higher profitability as compared to others? Why all industries are not equally profitable? What is the source of superior performance? Therefore, it is an interdisciplinary study of performance differences between firms and SM has traditionally focused on business concepts that affect firm performance. SM attempts to answer two questions related to value creation. How firms can create value better than its rivals and how this created value is shared in stakeholders? Who appropriate how much? SM provides the foundation of firm's long-term survival and health.

Firm performance is often linked to create a fit between firm and its environment. The Competitive landscape carries market opportunities, which the firm attempts to exploit using its resources and capabilities. Superior firm performance is the outcome of a proper alignment of firm strategic response with the context it operate. Since environment is a dynamic concept, thus there is a continuous need for adjustment of the fit between the firm and its environment. From the firm's perspective, this process of adapting to changes is critical for its survival. As a field, SM comprises organizational research emanating from various disciplines. Emphasis in this course is on business-level strategy followed by corporate strategy. By the end of the semester, you are expected to have an understanding of framing of strategic issues, the range of strategic decisions that are faced by most organizations, and how some of the concepts you have been exposed to in other courses can generate information used for strategic problem solving.

The overall goal of this course is to develop your capacity to think and execute strategically.

Course Content

4 hours

Module Plan- To participate effectively, it is necessary to have read carefully and formed a sound opinion about the main issues raised in the reading material. The course is divided into 7 modules.

Module One - Introduction to competition, Strategy & Strategist and Process of Strategy Formulation- 7.5 hours

Module Two- Market, Environment & Competitive analysis -4.5 hours

Module Three- Strategic Position and Dynamics: Competitive Advantage and Value Creation: Conceptual Foundations, Generic strategies, sustaining competitive advantage , business model & value chain-7.5 hours

Module Four- Firm Boundaries/Scope of the firm (Corporate strategy) -4.5 hours

Module Five- Industry specific strategy- Managing solar company & Govt. Organisation -3 hours

Module Six - Strategy execution and leading change -6 hours

Module Seven- corporate governance, New thinking in SM & Wrap up- 3 hours

Suggested Reading

Grant, M.A. (2010), Contemporary strategic analysis, John Wiley & Sons, Edition 8th (SIE)
 Besanko, David, David Dranove, Mark Shanley and Scott Schaefer. 2009. Economics of strategy, 5th ed. John Wiley & Sons: New York.

Modes of Evaluation: Quiz/Case Assignment/ presentation/ Written Examination Examination Scheme:

Course Outcomes for MBCG 743	Continuous evaluation Tools	Continuous Evaluation Tool 1	Continuous Evaluation Tool 2	Continuous Evaluation Tool 3
		Case Analysis assignment & presentation (including class participation)	Project submission and presentation	Quiz
Course Outcome 1		✓	✓	✓
Course Outcome 2		✓	✓	✓
Course Outcome 3		✓	✓	
Course Outcome 4		✓	✓	

Course Outcome 5	✓	✓	
Components	Case assignments	quiz	Project submission & Presentation
Weightage (%)	25	5	20
			Main Exam
			50

Relationship between the Course Outcomes (COs) and Program Outcomes (POs)

Mapping between COs and POs		
	Course Outcomes (COs)	Mapped Programme Outcomes
CO1	Students will be able to describe major theories, background work, concepts and research output in the field of strategic management.	PO1,2
CO2	Students will demonstrate a clear understanding of the concepts, tools & techniques used by executives in developing and executing strategies and will appreciate its integrative and interdisciplinary nature.	PO4,5,6
CO3	Students will be able to demonstrate effective application of concepts, tools & techniques to practical situations for diagnosing and solving organisational problems.	PO3,5,6,7,11,12
CO4	Students will be able to demonstrate capability of making their own decisions in dynamic business landscape.	PO12,13,14
CO5	Students will be able to develop their capacity to think and execute strategically.	PO8,9,10,12,13,14

- 1=weakly mapped
2= moderately mapped
3=strongly mapped

			Students will demonstrate analytical skills in identification and resolution of problems pertaining to (PM+UID) and general management areas of business and their application	Students will demonstrate effective application capabilities of their conceptual understanding to the real world business situations	Students will be able to exhibit effective decision making skills, employing analytical and critical-thinking ability	Students will exhibit the ability to integrate functional areas of management with domain perspective for the purpose of planning, implementation, and control of (PM+UID)	Students will have global perspective towards business situations in the area of (PM+UID)	Students will demonstrate effective oral and written communication skills in the	Students will be able to work effectively in teams and demonstrate team building capabilities	Students will exhibit leadership and networking skills while handling business situations	Students will demonstrate sensitivity towards ethical and moral issues and have ability to address them in the course of business.	Students will demonstrate	Students will exhibit
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			ion in (P M +U ID)							pr of es si o n al c o n t e x t				n o t h e r l i n e s (P M + U I D) w i t h t h e n e e d s o f c h a n g i n g d y n a m i c s o f t h e i
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Section – A (40 Marks)- CO1 &2

(Attempt all questions in this section, all carry equal marks)

1. Strategic Milestones, the Balanced Scorecard, and Strategy Maps are all devices which aim to:

- a. Overcome agency problems in multibusiness corporations
- b. Improve the effectiveness of strategy execution
- c. Empower divisional and business unit managers
- d. Ensure more effective corporate control over divisional financial performance.

2. Corporate governance is:

- a. The way a firm is organized
- b. The way a firm makes decisions
- c. The system by which the top management of a firm is directed and controlled
- d. The way a firm appoints and replaces its CEO

3. Saudi Aramco and Petrobras are both major oil producers. Saudi Aramco's competitive advantage is based on its access to low-cost domestic oil reserves; Petrobras's competitive advantage is its capability in deep-water exploration and production. The implications for the internationalization strategies of the two companies are:

- a. Both companies should focus on exporting from their own countries
- b. Saudi Aramco should focus on exporting; Petrobras should pursue direct foreign investment
- c. Saudi Aramco should pursue direct foreign investment; Petrobras should focus on exporting
- d. Both companies should use a mixture of exporting and direct investment depending upon the nature of the foreign opportunity.

4. The primary concern of corporate strategy is decisions over:

- a. Establishing competitive advantage
- b. The scope of the firm's activities

- c. The geographical boundaries of the firm
 - d. The optimal degree of product diversification of the firm.
5. The vertical scope of a firm relates to:
- a. The extent to which a firm spans stages of the industry value chain
 - b. The proportion of the firm's inputs that are produced in-house
 - c. The size of the firm's value added
 - d. The number of hierarchical layers of the firm's management structure.
6. There are fewer opportunities for differentiation in mature industries, because:
- a. Competition puts too much pressure on price
 - b. Firms do not have enough resources to differentiate their offerings
 - c. The trend toward commoditization narrows the scope for differentiation and reduces customer willingness to pay
 - d. Technological innovation hinders the potential for differentiation
7. Which way of exploiting an innovation leaves the largest degree of control for the innovator?
- a. Licensing
 - b. Joint venture
 - c. Internal commercialization
 - d. Strategic alliances
8. A firm's competitive advantage is not necessarily revealed in higher profitability, it may be reflected in:
- a. Expanding market share
 - b. An aggressive quest for acquisitions
 - c. Increasing employee bonuses
 - d. Expanding market share and/or increasing employee bonuses
9. Isolating mechanisms are:
- a. Barriers to the erosion of interfirm profit differentials
 - b. Mechanisms that impede the equilibration of rents between industries
 - c. A synonym for "barriers to mobility"

d. Sources of disequilibrium that cause the profitability of different firms in an industry to diverge over time

10. According to Porter, cost leadership and differentiation are:

- a. What leads a firm to “be stuck in the middle”
- b. Two names for the same fundamental strategy
- c. Distinct generic strategies
- d. Strategies that can be pursued simultaneously

11. Advertising costs as a percentage of sales revenue for soft drink brands with large market shares (such as Coca-Cola and Pepsi-Cola) are lower than for brands with small market shares (Dr. Pepper, Schweppes, Fresca). This is because:

- a. Advertising campaigns are subject to a large minimum budgets (“indivisibilities”) ○
- b. Big brands can negotiate lower rates with advertising agencies and media owners
- c. Economies of learning—long-established brands such as Coca-Cola and Pepsi have learned how to be more efficient in their advertising campaigns

12. The primary mechanisms through which companies translate strategic plans into action are:

- a. Statements of vision and mission
- b. Operating plans and capital expenditure budgets
- c. CEO leadership
- d. Resolutions by the board of directors.

13. A fundamental challenge of managing a large firm is to achieve an optimal trade-off between:

- a. Cooperation and division of unqualified labor
- b. Division of labor and efficiency
- c. Division of labour, specialisation, co-ordination and co-operation
- d. Cooperation, coordination and profit

14. The resource-based view of firm focuses on:

- a. The importance of environmental sustainability for firm strategy

- b. The view that the foundation for organizational capability is the resources of the firm
- c. The notion that resources and capabilities are the principal basis for firm strategy and the primary source of profitability
- d. A theory of the firm based upon the work of David Ricardo and Joseph Schumpeter

15. There are two primary sources of profit (or “economic rent”):

- a. Market power and superior resources
- b. Market power and competitive advantage
- c. Competitive advantage and disequilibrium rents
- d. Cost advantage and differentiation advantage.

16. To identify a firm’s resources and capabilities, it is useful:

- a. To first identify the key success factors within the firm’s industry then identify the resources and capabilities needed to satisfy these success factors
- b. Identify the firm’s value chain, then identify the main resources and capabilities at each stage of the value chain
- c. Undertake an analysis both of key success factors and the value chain
- d. Classify resources into tangible, intangible and human.

17. Business strategy is primarily a quest for:

- a. Attractive markets
- b. Profit
- c. Superior technology
- d. Motivated and talented personnel

18. For a firm to create value involves:

- a. Earning profits for shareholders, then using these profits to fund lower prices for customers
- b. Creating strong customer loyalty, and then to progressively increase prices, thereby creating extra value
- c. Creating value for customers, and appropriate some of that value as then extracting some of that customer value as profit
- d. Creating value for employees through attractive pay, benefits, and work conditions, then relying upon employees to drive customer satisfaction and, eventually, profits.

19. Value is created when:
- The price that the customer is willing to pay for a product exceeds the costs of the material inputs used to produce the product
 - The surplus of value is distributed between customers and producers in the industry by the forces of competition
 - The value of a product to consumers exceeds the price they paid for it.
 - The price that the customer is willing to pay for a product exceeds the cost of supplying it.
20. Which way of exploiting an innovation leaves the largest degree of control for the innovator?
- Licensing
 - Joint venture
 - Internal commercialization
 - Strategic alliances

Section – B (60 Marks)-CO 3, 4 & 5

Read the case **“Sunrise Power Limited: Charting Growth in Unexplored Regions”** and answer the following questions. All questions carry equal marks.

- How has change in the domestic environment (Economic liberalisation) influenced the decision of the firm to expand globally, and which capabilities may result in competitive advantage during global expansion? **CO 2& 3**
- What is industry structure analysis (Five forces) in coal based thermal power plants, and explain importance of Government regulator for the industry? **CO 2& 3**
- What assets/resources/capabilities must be acquired to obtain sustainable economic rent from coal based thermal power plant? **CO 3 &4**
- How should one evaluate the key external factors involved in identifying a suitable market for diversification in an unexplored area? How should one identify the target international market and suitable entry strategy for it? **CO 3,4 & 5**
- Assess the major risks associated with the projects and the type of support required to manage and mitigate the risks. What would be appropriate organisational structure for the venture? **CO 4 &5**
- Evaluate and comment on the growth strategy of sunrise power and its financial proposal. **CO 3 & 4**

