

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**BBA Winter 2019 - 20 Examination**

**Semester: 6**  
**Subject Code: 06101354**  
**Subject Name: Strategic Management**

**Date: 25/11/2019**  
**Time: 10:30 am to 1:00 pm**  
**Total Marks: 60**

**Instructions**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1 Do as Directed.****A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark)****(05)**

1. Stability strategy is a \_\_\_\_\_ strategy.
 

a) corporate level	c) business level
b) functional level	d) strategic level
2. Horizontal integration is concerned with
 

a) Production	c) Product planning
b) Quality	d) All of the above
3. Micro environment is the ..... environment of a company.
 

a) Working	c) Internal
b) Global	d) None of the above
4. What are the means by which long term objectives will be achieved?
 

a) Policies	c) Strength
b) Strategies	d) Opportunities
5. The GE 9 cell model is based on
 

a) Industry attractiveness and business strength	c) Industry growth rate and business strength
b) Industry growth and market share	d) Industry attractiveness and market share

**B). Define the following. (Each of 1 mark)****(05)**

1. Core competencies.
2. Strategic Intent.
3. Policy.
4. Mergers.
5. Divestment.

**C). Direct questions. (Each of 1 mark)****(05)**

1. Distinguish between vision and mission statements.
2. What is SBU?
3. Elaborate PESTEL.
4. Explain Acquisition.
5. When a company called conglomerate?

**Q.2 Answer the following questions.**

- A).** Explain Michael Porter's Five Force Analysis for analyzing competitive environment of a firm. **(07)**
- B).** Explain BCG Matrix. How it is used by strategists? **(08)**

**Q.3 Answer the following questions.**

- A).** What is SWOT Analysis? Choose any Automobile company and do the SWOT analysis of it. **(07)**
- B).** Describe some of the important characteristics of strategic environment and demonstrate how a strategist can understand it better. **(08)**

**Q.4 Attempt any two questions. (Each of 7.5 mark)****(15)**

1. Briefly discuss the major strategy formulation options available to a firm. Explain them in brief with examples.

2. The low-cost leadership strategy at times enables the firm to defend itself against each of five competitive forces. Explain with example of Reliance Jio.

3. Explain Value Chain analysis. Why its important for an organization?

4. It was in August 1998 that the first chinks in the Kinetic Honda Motors Ltd. (Kinetic Honda) armor were reported by Business India. Both Honda and the Firodias of Kinetic were quick to deny rumors of a split, though reports of the Firodias quietly raising resources to buy out Honda's stake kept surfacing. The Firodias were even reported to have securitised the assets of their two-wheeler finance company - 20th Century Kinetic Finance (TCKF) - to raise this money.

Trouble had been brewing since the company recorded a loss of Rs. 6 crore in the first quarter of 1998. Eventually Honda decided to put the matter to rest and called Arun Firodia (Firodia) to Japan in December 1998. Honda made Firodia an offer - either he buy their 51% stake or Honda would buy out his 19% stake. Analysts remarked that it was difficult for Firodia to let go of the company that he had nurtured for the best part of his life. Eventually, Firodia negotiated a deal with Honda, to acquire its stake at Rs 45 per share, (when the market price was almost double), at a total cost of Rs 35 crore. He also signed an agreement with them for continuing to manufacture and sell the existing Kinetic Honda models. Honda also agreed to continue providing technical know-how support in return for royalty and technical fees from Kinetic.

Considering the fact that Honda was the world's biggest and most successful scooter manufacturer, the pullout came as a surprise to industry observers, as it was quite uncharacteristic of Honda Motor to give up a segment. More so, as just a couple of months earlier, Honda had been reported to be planning to make further investments in Kinetic Honda<sup>1</sup>. This was seen as a major setback for the company. It was also perhaps the only instance of a Honda failure anywhere in the world.

**Question:**

a) Based on the case give reasons for Honda-Kinetic merger failure?