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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2019

Program: MBA (O&G)
Subject (Course): Strategic Management
Course Code : STGM 8001

Semester : III
Max. Marks: 100
Duration : 3 Hrs

No. of page/s:

Structure of the question paper and allocation of marks are given below.

Note: All sections are compulsory.

Section – A (30 Marks)

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

(All are CO 1 & 2)

1. The primary purpose of strategy is:
 - a. Being better than rivals
 - b. Achieving success
 - c. Satisfying all stakeholders
 - d. Being an excellent “corporate citizen”
2. For both individuals and businesses, successful strategies are characterized by:
 - a. Unrelenting commitment to ambitious goals
 - b. Clear goals, deep understanding the competitive environment, careful resource appraisal, and effective implementation
 - c. Meticulous planning
 - d. The possession of superior abilities and resources which are then deployed to build competitive advantage.
3. Strategic fit refers to:

- a. The need for a firm's strategy to be consistent with its vision, mission, and culture
 - b. The consistency of a firm's strategy with its external and internal environments
 - c. The need for a firm's strategy to be unique
 - d. The need for a firm's strategy to meet the needs of all its stakeholders, not just shareholders
4. The primary distinction between corporate strategy and business strategy is:
- a. Corporate strategy is the responsibility of the CEO, business strategy is formulated by the heads of business units
 - b. Corporate strategy is concerned with where the firm competes; business strategy with how it competes
 - c. Corporate strategy is concerned with establishing competitive advantage; business strategy with strategy implementation in individual businesses
 - d. Corporate strategy is concerned with the long-term performance of the firm; business strategy with resource deployment.
5. The essence of strategy is:
- a. Making choices
 - b. Doing things differently
 - c. Where and how to compete
 - d. All of the above
6. Every business enterprise has a distinct purpose, however, common to all businesses is the goal of:
- a. Making customers satisfied and happy
 - b. Creating value
 - c. Satisfying as many stakeholders as possible
 - d. Maximizing dividend payments to shareholders over the long term.
7. 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.

8. There are two main concepts of profit:

a. The normal return to capital and the abnormal return of capital

b. Return on capital and return on sales

c. Accounting profit and the economic profit

d. Economic rent and the economic profit

9. The value of a firm can be defined as:

a. The sum of its free cash flows in each year, discounted at the firm's weighted average cost of capital (WACC)

b. The sum of the firm's operating cash flows in each year, discounted at the firm's cost of capital

c. The sum of its free cash flows in each year, discounted at the cost of equity

d. The sum of its cash flows in each year, discounted at the risk-free rate of interest

10. The fundamental problem of any type of performance management system is:

a. The tendency for performance management systems to be based entirely on financial targets

b. A performance management systems needs short-term measures to assess performance, yet the ultimate goal is to enhance the long-term performance of the firm

c. Performance targets always lead to unintended consequences because individuals always "game the system"

d. Managerial, political and personal interests need to be taken into account

11. The Balanced Scorecard is a technique of performance management that establishes and monitors four dimensions of performance:

a. Financial, strategic, operational, and ethical performance

- b. Financial, customer, internal, and learning/innovation performance
- c. Profit, sales, productivity, and asset management performance
- d. Shareholder, customer, employee, supplier, and social performance

12. The core of a firm's business environment is determined by:

- a. Its relationships with customers, competitors and suppliers
- b. Its relationships with customers, competitors, government and suppliers
- c. Its relationships with its major stakeholders
- d. The social and economic systems with which the firm must coexist

13. The profits earned by firms in an industry, are determined by:

- a. The overall state of the economy and the intensity of competition within the industry
- b. How much customers value the products supplied by the industry
- c. The extent to which the industry is protected by barriers to entry
- d. The value of the product for customers, the intensity of competition, and the relative bargaining powers of producers, their suppliers and their buyers

14. The basic premise of industry analysis is that:

- a. Perfect competition and monopoly are theoretical models, in practice most industries are oligopolies
- b. The level of profitability within an industry is determined by the systematic influence of the industry structure which determines the intensity of competition in the industry
- c. Firm strategies and their interactions are the key determinants of the industry environment
- d. The basic forces of technology and consumer demand are the fundamental forces that shape industry structure

15. The bargaining power of suppliers is likely to be high:

- a. When the suppliers' industry is concentrated
- b. When suppliers are supplying differentiated products
- c. When "our" (the customer's) industry is relatively fragmented
- d. All of the above

16. Analyzing key success factors leads one to ask the following two questions:

- a. What do customers want which we could supply and what should the firm do to survive competition?
- b. What do customers want and what type of operational changes should a firm implement to survive competition?
- c. Which of the five forces of competition most threaten a firm's survival and how could the firm deal with them?
- d. What should managers do to a information collected from the market and the firm's operational units?

17. The difference between substitute and complementary products may be summarized as follows:

- a. Substitutes reduce the value of a product, whereas complements increase value
- b. Complements reduce the value of a product, whereas substitutes increase value
- c. Complements cannot be used together, whereas substitutes can
- d. Complements increase the average price of any of them, whereas substitutes do the opposite

18. The value of game theory to the field of management is in:

- a. Bringing greater rigor to the analysis of competition
- b. Extending the theory of competition behavior to embrace cooperative behavior
- c. Extending the analysis of competitive behavior to the realms of politics, diplomacy, and social behavior
- d. Framing strategic decisions, predicting the outcome of competitive situations, and identify optimal strategic choices.

19. Barriers to mobility are:

- a. barriers that protect a segment from firms established in other segments of the same industry
- b. barriers that protect a segment from firms established in other industries
- c. obstacles to changing a firm's strategy over time, once it becomes obsolete or inadequate for the changing environment
- d. barriers that prevent globalization and developing a firm's business abroad

20. What's the difference between a resource and a capability?

- a. A resource is a productive asset of the firm whereas a capability refers to what the firm can do
- b. A resource is an immobile asset whereas a capability is a dynamic concept
- c. A resource is a weak source of competitive advantage whereas a capability is a strong one
- d. It is very difficult to elucidate

21. One implication of the resource-based perspective is that:

- a. Firms tend to adopt similar or close strategies
- b. Firms focus on being different from their competitors
- c. Firms focus on building a stronger portfolio of capabilities than their rivals
- d. Firms focus on reducing their vulnerability by correcting their weaknesses

22. Intangible resources tend to be more valuable than tangible resources because:

- a. They are easier to acquire
- b. They are cheaper to acquire
- c. They are more likely to provide sustainable competitive advantage
- d. All of the above

23. According to Henry Mintzberg, organizational structure can be defined as:

- a. The ways in which labor is divided into distinct tasks, and coordination is achieved among these tasks
- b. The ways in which tasks are divided among divisions, and managerial coordination achieved from the highest level of the organization
- c. A set of resources and capabilities organized around divisions and departments
- d. The achievement of coordination and cooperation between organizational tasks

24. 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

25. The “agency problem” refers to:

- a. The inability of shareholders to exercise control over the managers of the companies they own
- b. The difficulties companies face in controlling their advertising agencies
- c. The misalignment of goals between a principal and his/her agent
- d. The excessive compensation received by the CEOs of public corporations.

26. Roles and directives, mutual adjustment, and routines are:

- a. Mechanisms for overcoming goal misalignment among organizational members
- b. Means for controlling employees in an organization
- c. Means for people to build a hierarchy within the firm
- d. Mechanisms for achieving required levels of coordination between workers

27. Firms organized around functional structures tend to experience problems when:

- a. Top managers must envision their succession
- b. The range of products expands
- c. The business environment becomes more turbulent
- d. A global strategy is pursued.

28. Competitive advantage can be defined as:

- a. A firm’s ability to establish market leadership
- b. A firm’s ability to grow faster than its competitors
- c. A firm’s potential to earn a rate of profit that is persistently higher than its rivals
- d. A firm’s potential for launching innovative new products.

29. 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
30. Which of the following is not an isolating mechanism?
- a. Private ownership of a company which means that it is not obliged to publish its financial statements
 - b. Competitive advantage which is based upon the interaction of a number of different resources and capabilities
 - c. Competitive advantage based upon exploiting pricing anomalies ○
 - d. Competitive advantage that is based upon resources that is difficult to transfer and slow to replicate.

Section – B (70 Marks)

Read the case “**SHOULD CAIRN INDIA VENTURE INTO OFFSHORE DRILLING.**” and answer the following questions.

1. Discuss the major characteristics O&G industry in India (10 marks)- **CO 1&2**
2. Analyze the different challenges faced by companies entering into O&G exploration in India (10 marks)- **CO 3&4**
3. Discuss in detail industry structure of O&G industry in India with the help of five forces (10 marks)- **CO 3&4**
4. What are key success factors for a private E&P company in India (10 marks)- **CO 3,4 &5**
5. Should Cairn Indian commit to offshore exploration? 10 marks)- **CO 3,4 &5**
6. What shall be Cairn strategy for India? Discuss its strategy with Hambrick Model in detail (20 marks) - **CO 4 &5**