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III Semester M.B.A. Degree Examination, June/July - 2023

MANAGEMENT

Strategic Management and Business Ethics

(CBCS Scheme)

Paper : 3.1

Time : 3 Hours

Maximum Marks : 70

SECTION - A

Answer any Five questions, each question carries 5 marks.

(5×5=25)

1. What is Strategy Formation ? Discuss the strategy formation process.
2. State and explain the critical success factors for a software company.
3. Explain the implications of ethical decision making to modern firms.
4. Discuss the importance of managing Technology and Innovation.
5. Explain the building blocks of Competitive Advantage.
6. Explain Value Chain Analysis with appropriate illustration.
7. Explain the responsibility of an organisation towards its stakeholders.

SECTION - B

Answer any Three questions, each question carries 10 marks.

(3×10=30)

8. Explain MC Kinsey's 7S Framework. Bring out its implications to millennial enterprises.
9. Explain the techniques of strategic evaluation and control.
10. Explain the several corporate level strategies in detail with appropriate examples.
11. Elaborate on the various Business model disruptions and its associated repercussions,

[P.T.O.]





SECTION - C

12. Case Study (Compulsory)

(1×15=15)

In many industries, new entrants have taken advantage of the opportunities opened up by the Internet to overcome barriers to entry and compete successfully against market leaders: Consider the situation of E*Trade, the online brokerage company. For many years, large, established brokerages like Merrill Lynch had dominated the industry and used their protected positions to charge high brokerage fees. ETrade's managers bought and developed software and hardware that allowed their customers to make their own trades and to do so at a price as low as \$19.95. The low-cost-competition story in the brokerage industry did not stop here. By 1999, ETrade itself came under pressure from a new generation of online brokerage houses such as Sure trade, Ameritrade, and DLJ, which began offering customers trades for only \$9.95 and even \$7.95, undercutting ETrade's prices by 100 percent. How could ETrade, which had made its reputation by being the low-cost leader in the industry, compete against companies boasting that they were the new cost leaders ?

The answer for ETrade was to enhance its differentiated appeal to its customers by offering a higher quality of service and a broader product line. ETrade introduced new software package that made it even easier for customers to use the Internet to trade shares. Very importantly, the new software was more reliable in that customers were able to make their trades when they wanted. Previously, E*Trade, like other brokerage companies, had experienced many problems when too many customers made trades at once; often the overloaded system simply crashed, and customers were unable to buy or sell shares. In addition, ETrade's new package offered customers more financial research tools and gave them access to more information about specific companies to aid in their investment decisions. ETrade also offered customers increased access to real-time stock quotes so that they could take advantage of second-to-second changes in stock prices to make money. Finally, it offered customers the opportunity to invest in initial public offerings of shares from new companies, where both potential risks and returns are high.

In 1999, ETrade decided to merge with an online bank, Telebank, in order to offer its customers a broad range of online banking services such as bill paying online and thus become a one-stop online shopping site for all of a customer's financial needs. It also took over a variety of other insurance and financial service companies to offer its customers a broad financial service product line.

The realization that it could not just be a low-cost company but also had to create a differentiation advantage in the quickly evolving online financial services Industry has paid off for ETrade. Its customers did not switch to the new low-cost leaders because customers perceived that for the \$19.95 price, they were receiving extra value for money in terms of



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service and reliability. ETrade's customer accounts have increased steadily and its stock price rose as investors perceive that the company's competitive advantage is sustainable and that the company is likely to remain a dominant player in the changed industry environment. Indeed, ETrade has shown the other companies in the industry that to remain viable, they must all pursue a simultaneous low-cost and differentiation strategy-something that has become possible only because of the emergence of the Internet, which has created external economies that companies can exploit to increase their performance and competitive advantage.

Questions:

1. How has ETrade's business-level strategy changed over time ?
2. What is happening in the stock brokerage industry today? How has ETrade been altering its business level strategy to compete ?

