

Roll No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

School of Business (SoB)

End Semester Examination, May 2021

Program: MA (Energy Economics)

Subject (Course): Advance Strategic Analysis

Course Code : MECE801

Semester : IV

Max. Marks: 100

Duration : 3 Hrs

No. of page/s: 3

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)

Examine the veracity (True and False) of the statement (Each Q carries 5 marks)

Write True/False of the given statements

Q1

- a) A firm is a *monopsonist* if it faces little or no competition in one of its input markets.
- b) 0.2 Range of Herfindahls index indicates oligopoly as market structure.

Q2.

- a) Competitors are the firms whose strategic choices indirectly affect one another.
- b) Small but significant non-transitory (SSNIP) increase in price is used to identify competitors.

Q3.

- a) The degree to which products substitute for each other cannot be measured by the cross-price elasticity of demand.
- b) *N*-firm concentration ratio is invariant to changes in the sizes of the largest firms.

Q4.

- a) An attractive industry is one that is characterized by high entry barriers, suppliers and buyers with strong bargaining power, low threats from substitute products, and low rivalry among firms.
- b) Entry is the beginning of production and sales by a new firm in a market, and exit occurs when a firm ceases to produce in a market.

Q5.

- a) Postentry profits will not vary according to demand and cost conditions, as well as the nature of *Postentry competition*.
- b) Structural entry barriers are better than strategic entry barriers.

Q6.

- a) The three main types of strategic entry barriers are: Control of essential resources, Economies of scale and scope and Marketing advantages of incumbency.
- b) A change in ownership that does not entail stopping production is called exit.

Section – B (50 Marks)

(Attempt any five, all carry equal marks)

1. How does the digitization of books, movies and music affect inventory economies of scale? (CO2)
2. Explain why learning reduces the effective marginal cost of production. If firms set prices in proportion to their marginal costs, as suggested by the Economics Primer, how can learning firms ever hope to make a profit? (CO2)
3. Universities tend to be highly integrated—many departments all belong to the same organization. There is not a technical reason why a university could not consist of freestanding departments linked together by contracts, much in the same way that a network organization links freestanding businesses. Why do you suppose that universities are not organized in this way? (CO3)
4. How does the magnitude of scale economies affect the intensity of each of the Michael Porter's five forces? (CO3)
5. How can the value chain help a firm identify its strategic position? (CO 2)

Section – C (20 Marks)

Read the case let and answer the question

Backstory: Stung by a campaign against its labor practices in the 1990s, Nike embarked on a long process to ultimately reinvent its operations and meet broad sustainability metrics by 2020.

Key moves: Nike began taking a deep look at its operations in the early 1990s, after it faced a firestorm of criticism over labor practices at its Asian suppliers. The early efforts were siphoned to a team focused on compliance and social responsibility.

A turning point came when the team began to ask about the long-term implications of the company's product design and manufacturing decisions. Where did the product materials come from? Were they toxic? What happened at the end of a product's life? Looking into manufacturing, they found it took three shoes' worth of material to produce just two — one shoe, in effect, ended up as waste, at a cost of \$700 million a year. As a result, the goal of zero waste got the attention of senior managers. It became one of several long-term goals to reach by 2020 — along with zero toxic materials, closed loop systems and sustainable growth and profitability. Nike also created an in-house index to measure product design against these goals.

Question: Can you move beyond “compliance” and capitalize on sustainability by integrating it into the fabric of a company — from design and manufacturing to the supply chain? (CO4)

XXXXXXXXXXXXXXXXXXXXXXX