

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION 2007

TITLE OF PAPER: STRATEGIC MANAGEMENT AND
BUSINESS POLICY

DEGREE AND YEAR: BCOM V

COURSE NUMBER: BA 511 (FT/IDE)

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS:

1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)
2. THE CASE STUDY SECTION (A) IS COMPULSORY
3. ANSWER ANY THREE QUESTIONS FROM SECTION (B)

Note: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION
IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK.

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED
UNTIL PERMISSION HAS BEEN GRANTED BY THE
INVIGILATOR.**

SECTION A: THIS SECTION IS COMPULSORY

Adventure Tours

Two entrepreneurs, Sam and Lydia, did some research and found that South Africa's tourist industry is currently worth two billion rand annually. They opened a travel agency, Adventure Tours & Travel, from a home in a Johannesburg suburb.

Their aim was to develop tours for groups of people with specific needs in adventure travel. Needs varied from scuba diving in the coral reefs of Australia to bungee jumping at Victoria Falls in Zimbabwe. They intended to cover all outdoor sports, from walking to river rafting, climbing and skydiving.

Sam had traveled extensively and is a keen adventurer and nature lover. As a student he earned pocket money as a tour guide and survived by working while traveling. Lydia's travel experience was limited. However, she had an extensive network of contacts at various secondary and tertiary educational institutions, businesses and other organizations due to her experience in marketing and her involvement in various committees.

As their financial resources were limited and the initial cost in getting into the travel industry high, they decided to start their business from Sam's home. His wife, a graphic artist, offered her office facilities and the services of her secretary as a bridging arrangement. They realized that the visibility of the business would be limited as there would be no passing trade. They decided to adopt a direct marketing approach. Freelance marketers were appointed to market specialized tours for specific target markets. Lydia would make use of her contacts in the committees, the corporate world and the educational institutions to market the services of Adventure Tours. Sam would manage the office and planning of the tours.

Sam and Lydia's goals were to cover the running costs and repay the loans of the business. They wanted to earn salaries similar to those they had earned in their respective jobs and to travel at least twice in the first year. They hoped to establish the name of their business in their geographic area, concentrating on the student market and the adventurer's market. In the second year they wanted to realize a market-related salary increase, travel more and earn a profit for the business of at least R50 000.

To achieve these goals they appointed 30 freelance marketers, ranging from students to housewives and people in full-time careers. Their interests were in various fields of adventure, sport and travel combinations, and they could design and sell their own tours. The targets of each marketer were worked out according to his/her personal needs and aspirations. Some marketers wanted to earn a salary of R3000 per month plus tours whereas others only wanted to earn one free tour a year.

QUESTIONS SECTION A: THIS SECTION IS COMPULSORY

1. Formulate a clear and concise vision statement for this business. (10 marks)
2. What are the objectives of the business and what can Sam and Lydia do if they do not achieve these objectives? (10 marks)
3. Complete a SWOT analysis of Adventure Tours using the information Available to you. Use lists where appropriate. (20 marks)

SECTION B: ANSWER ANY THREE (3) QUESTIONS

Question 1

A recently established manufacturing company in the Matsapha industrial area has been receiving numerous complaints from the nearby communities about its waste causing enormous pollution to the environment and the management being unresponsive to the complaints of the community.

- a) From your understanding of the contrasting views on social responsibility as presented by Milton Friedman and Archie Carroll, what would be your advice to the company in question? (10)
- b) How would you relate the concept of corporate governance to that of social responsibility? (10)

Question 2

Using your understanding of M.E. Porter's generic strategies model what would be your advice to a company like Swaziland Royal Insurance Corporation as they are losing the monopoly status. (20)

Question 3

Discuss the major growth strategies that a firm may adopt. (20)

Question 4

Briefly describe and discuss the importance of each of the following in strategic management:

- a. Management by Objectives (MBO) (5)
- b. Action Planning (5)
- c. Total Quality Management (TQM) (5)
- d. Re-engineering (5)

Question 5

To what extent can an organization rely on portfolio analysis as a corporate strategy formulation tool? (20)