

**UNIVERSITY OF SWAZILAND**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**MAIN EXAMINATION 2011**

**TITLE OF PAPER:** STRATEGIC MANAGEMENT AND  
BUSINESS POLICY

**DEGREE AND YEAR:** BCOM V (FT) BCOM 7 (IDE)

**COURSE NUMBER:** BA 511/ IDE-BA511

**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.**

7

SAB branched into property development and, though partially-owned Retco Ltd, launched Southern Sun Hotels.

A further change in direction came with the opening of a carbonated drink plant marketing the Groovy brand. SAB also acquired Luyt Breweries, expanded into Botswana, marketed furniture and footwear (through Afcot & ShoeCorp), bought the OK Bazaars, began bottling Pepsi Cola and bought out rivals Whitbread and Old Dutch. So diversified had SAB become that the stock market accused it of lacking focus and, in 1977, punished it with a 'diversification discount'.

Yet expansion continued during the eighties, first through the launch of Sun City and then through further growth into Botswana's and Lesotho's beer markets. It also forayed into clothing retail with the acquisition of Scotts stores and, later Edgars. In 1986, SAB added a joint venture with Ceres Fruit Juices and acquired Lion Match Company and Da Gama Textiles. Since 1994, with the removal of economic sanctions, SAB has moved rapidly to globalize. In 2002, 107 years after the company was formed, SAB plc purchased Miller Brewing Company in the US, and the parent company became SABMiller plc. It has also largely disengaged from non-core investments and focused on brewing. In Africa it has presence in Angola, Botswana, Ghana, Malawi, Lesotho, Morocco, Mozambique, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. European Brewing interests are located in the Canary Islands, the Czech Republic, Hungary, Italy, Poland, Romania and Russia. In Central America, SAB is involved in El Salvador and Honduras while, in Asia, it has breweries in China and India (which account for nearly half the world's population). In 1999, SAB relocated its primary listing back to London, with the aim of gaining access to a greater pool of capital. From that base it raised 300 million Pounds internationally.

SABMiller is today ranked among the two top brewing companies in the world in terms of volume. The company operates breweries in more than 50 countries in Africa, Europe, the USA, Central America, South America and Asia.

Future growth is anticipated wherever opportunities present themselves almost anywhere in the world. They also hope to aim for a larger share of international premium beer brands.

**Questions:**

1. Discuss the various strategies that SAB has favoured over the years. (15)
2. Comment on their suitability at various points. (15)
3. With examples suggest what you might have done differently in relation to question 2 above. (10)

**SECTION B:**

Answer any *three* questions from this section.

1. What do you think accounts for the major corporate scandals in organizations despite the widespread teachings on corporate governance ethics and social responsibility. What can be done to eliminate or reduce such acts? (20)
2. Critically analyze the usefulness of portfolio analysis as a strategic management tool. (20)
3. Discuss the possible strategies for using the internet in strategic management. (20)
4. Porter argues that an organization can use one of the generic competitive strategies to survive. Can any one of these be used exclusively? Why or why not? Hint: You may select one that you will base your argument on. (20)
5. Discuss the possible challenges that an organization such as World Vision may have to overcome in the management of its operations. Suggest possible avenues that can be followed to curb these challenges. (20)