

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER

MAY 2013

(IDE AND FULL-TIME STUDENTS)

TITLE OF PAPER: STRATEGIC MANAGEMENT AND BUSINESS POLICY

COURSE CODE : BA511 / IDE BA511

DURATION : 3 HOURS

INSTRUCTIONS :

1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS SIX (6)
2. THE PAPER CONSISTS OF TWO SECTIONS; SECTION A AND SECTION B.
3. ATTEMPT SECTION A WHICH IS COMPULSORY AND ANY OTHER THREE (3) QUESTIONS IN SECTION B.
4. THE MARKS ALLOCATED FOR A QUESTION/PART QUESTION ARE INDICATED AT THE END OF EACH QUESTION/PARTQUESTION.
5. WHERE APPLICABLE, ALL WORKINGS/CALCULATIONS MUST BE CLERLY SHOWN.

NOTE: MAXIMUM MARKS WILL BE AWARDED FOR GOOD QUALITY LAYOUT, ACCURACY AND PRESENTATION OF WORK.

THIS PAPER MUST NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR

SECTION A: THIS SECTION IS COMPULSORY

- A. What is Strategic Management? List three levels or hierarchy of Strategy in an organization or corporation. Who is or are involved in Strategic Management process. (10 marks)
- B. As a successful management student and now a strategist, what major things have you learnt from this course that are of great future usefulness or significance to you and/or any organization. (10 marks)
- C. Read the case below and answer the question that follow:

CASE ABSTRACT (PROFILE)

Casey's General Stores, Inc. had been founded in 1968 in Des Moines, Iowa and had rapidly expanded with the rest of the convenience store industry. By 1993, Casey's had 819 stores in eight Midwestern states and was by most measures a very successful regional company. Unfortunately, the convenience store industry in the United States and Canada was facing maturity. In 1991, for the first time in the life of the industry, the total number of stores had not increased. Overall sales had increased only marginally. Casey's, however, was not only growing profitably, but planning to increase significantly its number of stores. Casey's competitive strategy was one of going against the trend to locating in large metropolitan areas. Its stores thrived in small towns of the Midwestern U.S. that were losing their population and their local businesses – locating that the larger convenience store chains and major oil companies ignored or were abandoning.

Donald Lamberti, founder and CEO of Casey's, was very optimistic regarding his company's future. With a relatively new distribution center capable of supplying stores within a 500mile radius or central Iowa, he stated objectives of reaching 1 000 stores by 1996 with sales of \$1 billion. Said Lamberti "I would like to see a Casey's in every town of 1 000 people."

Analysts of the convenience store industry were, however, somewhat pessimistic of the industry's prospects for the future and unsure of Casey's place in that industry. The traditional convenience store chains, in particular, appeared to be facing a rather bleak future. Large traditional chains, such as Seven- Eleven and Circle K, were in financial difficulty and selling off or closing stores. Industry consolidation was likely. Smaller traditional chains had

to do battle with large oil companies which had begun to take over the industry. These petroleum marketers had a competitive advantage compared to the traditional convenience store in terms of location and access to cheaper gasoline supplies. Yet even gas station/convenience stores were working with a very low profit margin on gasoline – not really enough to fund expansion. How could a mid-size traditional chain like Casey's with no ties to an oil company and operating in an area of low population continue to be successful in the future?

REQUIRED:

Using SWOT analysis or technique, identify the overall strengths and weaknesses, and the opportunities and threats facing the company presented in the case above. What recommendations would you suggest for such a business entity?

(20 marks)

SECTION B

Answer any THREE (3) questions from this section.

QUESTION 2

- A. Discuss the significance of setting objectives in strategic management, also elaborating on the important components of such a strategic objective (8 marks)

- B. What is a learning organization? Is this approach to strategic management better than the more traditional top-down approach in which strategic planning is primarily done by top management? (12 marks)

QUESTION 3

- A. Are functional strategies interdependent, or can they be formulated independently of other functions? (5 marks)
- B. Why is penetration pricing more likely than skim pricing to raise a company's or a business unit's operating profit in the long run? (10 marks)
- C. When should a corporation or business unit outsource a function or an activity? (5 marks)

QUESTION 4

Discuss five major strategies that should be avoided because they are considered dangerous to the firm, and also state the reasons why they should be avoided. (20 marks)

QUESTION 5

Discuss the importance of each of the following in strategic management:

- A. Value-chain analysis (for purposes of analysing a company's strengths and weaknesses) (10 marks)
- B. A company's corporate culture (for purposes of implementing a new strategy in the organization). (10 marks)

QUESTION 6

Critically evaluate the strategies for survival that can be undertaken by a non-for profit organization such as World Vision. (20 marks)