

CENTRAL UNIVERSITY



END OF SEMESTER EXAMINATIONS: 2021/2022

DEPARTMENT OF MANAGEMENT STUDIES

COURSE: STRATEGIC MANAGEMENT

COURSE CODE: CBFW 301

LEVEL: 300

DURATION: 2.5 HOURS

SESSIONS: MORNING, AFTERNOON, EVENING & WEEKEND

STUDENT ID No.....

INSTRUCTIONS:

- SECTION A: MULTIPLE CHOICE** – Answer ALL Questions – 25 Marks
SECTION B: FILL-IN-THE-BLANK – Answer ALL Questions – 25 Marks
SECTION C: TRUE / FALSE – Answer ALL Questions – 25 Marks
SECTION D: ESSAY / NOTES – Answer ALL Questions – 25 Marks

Answer ALL Questions into the Answer Booklet provided.

PLEASE, DO NOT TURN OVER THIS PAGE UNTIL YOU ARE TOLD TO DO SO

SECTION A: MULTIPLE CHOICE QUESTIONS – ANSWER ALL (25 MARKS)

Choose the most appropriate response to each of the following questions. Answer all questions into the answer booklet provided.

1. The BCG Matrix is used by firms to make important strategic decisions relating to the following except:
 - A. Which business to keep and protect
 - B. Which business to invest in and to what extent
 - C. Which new product or service to develop
 - D. Which strategic business units to divest or sell
2. When considering strategic change at the functional level, the main factors that influence decision making are the following **except**:
 - A. Current technologies
 - B. Customers and competitors
 - C. Recent performance
 - D. Skills and competences
3. The type of strategy used in times crisis to reverse continuous losses, low profitability and eventual liquidation of the firm is known as:
 - A. Emergent strategy
 - B. Reversal strategy
 - C. Turnaround strategy
 - D. Withdrawal strategy
4. VITAL Ghana Ltd owns multiples of unrelated businesses in different industries, hence VITAL Ghana Ltd is a:
 - A. Conglomerate
 - B. Concentric
 - C. Monopoly
 - D. Industry leader
5. Market penetration strategy can be achieved through the following means **except**:
 - A. Acquisitions and acquisitions
 - B. Aggressive advertising
 - C. Buying competitors
 - D. Opening new branches
6. The main goal of consolidation strategy is to:
 - A. Increase market share
 - B. Protect market share
 - C. Develop new markets
 - D. Develop new products
7. Which of the following is not one of the reasons for globalisations?

- A. To avoid undue competition, multiple trade barriers and regulations
 - B. To benefit from large scale production and economies of scale
 - C. To lower cost of doing business through cost sharing and risk spreading
 - D. When product/service requires high level of R&D expenditures and capital investment
8. According to Kurt Lewin (1996), the change process occurs in three sequential stages namely:
- A. Defreezing, Refreezing and Unfreezing
 - B. Freezing, Moving and Removing
 - C. Unfreezing, Moving and Refreezing
 - D. Unfreezing, Refreezing and Moving
9. An entity or a person that has an interest in a company and can either affect or be affected by the business is termed:
- A. Investor
 - B. Shareholder
 - C. Stakeholder
 - D. Stockholder
10. Recently, you purchased a company that manufactures a new satellite dish, allowing you to enter the digital television market. The business is profitable and growing, but your customer base is still relatively small, and the technological uncertainties make the business risky. The BGC matrix considers it a _____.
- A. Cash cow
 - B. Dog
 - C. Question mark
 - D. Star
11. The type of strategic control tool which is designed to systematically and continuously check whether the principles and assumptions upon which the strategy is based are still valid is termed:
- A. Implementation control
 - B. Premise control
 - C. Special alert control
 - D. Strategic surveillance
12. According to Johnson and Scholes (2008), a firm's strategy provides the _____ of the organisation over the longer term.
- A. Competitive advantage
 - B. Direction and scope
 - C. Resources and capabilities
 - D. Strengths and weaknesses
13. When a firm is able to create more economic value than rival firms, it is said to have a _____.
- A. Competitive advantage
 - B. Distinctive advantage
 - C. Economic advantage
 - D. Goal advantage
14. The strategy development approach which uses strategy teams consisting of departmental and unit heads, and staff representatives is termed:

- A. Chief architect approach
 - B. Collaborative approach
 - C. Delegation approach
 - D. Entrepreneurship approach
15. The stage of the strategic management process where a firm allocates resources and assigns responsibilities to execute the strategy is known as:
- A. Strategy evaluation
 - B. Strategy formulation
 - C. Strategy implementation
 - D. Strategy exploitation
16. Which of the following would lead to higher barriers to entry in an industry?
- A. Capital requirement is low
 - B. Industry products are undifferentiated
 - C. Raw materials are generally scarce
 - D. Switching cost to buyers is low
17. Which of the following according to Porter (1996), is **not** true about positioning the business for sustained competitive advantage?
- A. Avoiding getting stuck in the middle by being all things to all people.
 - B. Creating a unique and valuable position involving a different set of activities.
 - C. Making trade-offs by choosing what to do and what not to do.
 - D. Targeting all market segments and trying to satisfy all customer groups.
18. When considering strategic change at the business level, one of the main factors that influence decision making is:
- A. Customers and competitors
 - B. Skills and competences
 - C. Socioeconomic environment
 - D. Substitute products
19. To successfully deploy a cost leadership strategy, a firm must possess capabilities in the following areas except:
- A. Intense supervision of labour
 - B. Process engineering skills
 - C. Strong marketing abilities
 - D. Tight cost control
20. A multinational bank has acquired HFC bank in a hostile takeover. This strategic decision was determined at the:
- A. Business level
 - B. Corporate level
 - C. Functional level
 - D. Operational level

21. The strategic management theory used to develop portfolio strategies is called:
- Ansoff Matrix
 - BCG Matrix
 - SWOT Matrix
 - PESTLE Matrix
22. When we analyse the general macro environment, we identify two key strategic factors classified as:
- Opportunities and Strengths
 - Opportunities and Threats
 - Strengths and Threats
 - Strengths and Weaknesses
23. A strategy which is simply seen as an expedient thing to do, or which is the outcome of negotiations between powerful stakeholder groups or parties with conflicting interests is:
- Deliberate strategy
 - Emergent strategy
 - Muddling through strategy
 - Turnaround strategy
24. To succeed with differentiation strategy, a firm must have capabilities in the following areas **except**:
- Creative talent and flair
 - Intense supervision of labour
 - Product engineering skills
 - Strong marketing abilities
25. According to Rosen (1995), the key focus of strategic management is the following **except**:
- The organisation's goals
 - The organisation's objectives
 - The organisation's resources
 - The organisation's strategy

SECTION B: FILL-IN-THE-BLANK – ANSWER ALL (25 MARKS)

- The strategy that looks at the whole range of business opportunities and focuses on the long-term financial performance of the organisation as a whole is termed _____.
- The concept of "Distinctive Competence" was developed by _____.
- The strategic management theory that uses relative market share and market growth rate to classify assets in a firm's portfolio is referred to as _____.

4. According to Pierce and Robinson (2013), competitive advantage comes from two sources namely: _____ and _____.
5. The handling of finished products and the transportation of inventory to the customer or market is termed _____ management.
6. The individual or group of individuals who are responsible for developing an organisation's strategy are collectively known as _____.
7. The organisational structure where activities are organised on the basis of location and used mostly by businesses with wide national or international dispersion is called _____.
8. A firm's method of financing that measures its debt ratio relative to its equity is referred to as _____.
9. The analysis of a firm's activities to determine the contribution of the different activities to its economic performance is called _____ analysis.
10. One advantage of the Matrix organisational structure is _____.
11. The organisational structure in which is highly informal and where there is little or no division of management responsibility and no clear definition of roles and responsibilities is known as _____.
12. One disadvantage of a functional organisational structure is _____.
13. To stop dependence on Microsoft for its software needs, Dell, the computer manufacturer now produces its own computer software. This strategy is referred to as _____.
14. A strategist is analysing the value chain and financial performance of a firm in order to develop a new strategy. This activity is classified as _____.
15. The various organisational routines and processes that enable a corporate entity to introduce an array of new products and services through its integration and coordination abilities is called _____.
16. One of the activities involved in the strategy evaluation process is _____.
17. State one advantage of strategic management _____.
18. The strategic management process involving environmental scanning and determining the strategic vision and mission is called _____.
19. One of the activities involved in inbound logistics management is _____.

20. The goal of the organisation's _____ is to specify the firm's business, its products /services, its target market, skills and technology, as well as give the firm a unique identity.
21. Procurement, technology development and infrastructure are examples of _____ activities in the value chain.
22. The strengths and weaknesses of the firm are identified in the _____ environment.
23. A unit or segment of a firm for which there is a distinct external market for goods or services with its own budget, skills and technology is known as _____.
24. In the Ansoff Matrix, what determines the strategy is the _____.
25. One reason why people resist change in organisations is _____.

SECTION C: TRUE/FALSE – ANSWER ALL (25 MARKS)

1. To position the business for sustainable competitive advantage, the firm must perform the same activities as rivals using parallel methods.
 - True
 - False
2. Emergent strategy is used in times of emergency to drastically turn the firm around.
 - True
 - False
3. In the BCG matrix, Cash cows generate high income and have high potential for future growth.
 - True
 - False
4. Consolidation strategy enables firms in saturated markets to protect and defend their market share.
 - True
 - True
5. To gain and maintain competitive advantage, once strategic objectives have been decided, they should not be altered.
 - True
 - False

6. An effective strategy cannot emerge without detailed planning.
 - True
 - False
7. Government regulation decreases competition in an industry.
 - True
 - False
8. Inbound logistics refer to the purchase and procurement of an organisation's inputs.
 - True
 - False
9. Operating a grocery shop at a petrol station is an example of market penetration strategy.
 - True
 - False
10. The strategy of increasing a firm's market share of existing products in existing markets through greater marketing efforts is termed market development.
 - True
 - False
11. A strategy based on developing and selling innovative new products in existing markets is termed diversification.
 - True
 - False
12. Central University opening Weekend and Evening Schools is an example of diversification strategy.
 - True
 - False
13. The role of Board of Directors in the strategic management process is to supervise the day-to-day implementation of strategy.
14. In the BCG matrix, Dogs have low market share in slow growth industries.
 - True
 - False
15. All businesses or products classified as Dogs must be divested or sold off as they no longer add any value to the firm.
 - True
 - False
16. All businesses have three main levels of strategy – corporate, business and functional levels.
 - True
 - False

17. In a large conglomerate, while the enterprise on a whole will have a corporate strategy, each strategic business unit (SBU) will have its own business strategy.
- True
 - False
18. The purpose of business strategy is to guide value adding activities within one specific area of operations.
- True
 - False
19. In the BCG matrix, Cash Cows are businesses that generate large amounts of cash, but their prospects for future growth are limited.
- True
 - False
20. Government deregulation decreases the intensity of competition in an industry.
- True
 - False
21. A new technology is always a blessing to all firms as it creates great opportunities for all businesses in the industry to make profits, grow and survive in the marketplace.
- True
 - False
22. An individual or group that that helps to effect strategic change in an organisation is called a strategic leader.
- True
 - False
23. The type of change process that occurs in organisations within the exiting organisational culture in an incremental manner is known as adaptation.
- True
 - False
24. Organisational change that requires rapid change in both strategy and organisational culture is termed a revolution.
- True
 - False
25. Performance appraisal is a major aspect of strategy evaluation.
- True
 - False

SECTION D: ESSAYS / SHORT NOTES – ANSWER ONLY ONE QUESTION FROM THIS SECTION – ALL QUESTIONS CARRY EQUAL MARKS

1. A firm is said to possess competitive advantage when it sustains profits that exceed the average for its industry and competitors. With the aid of the three **generic theories** by Michael Porter, explain how a company can develop and maintain competitive advantage. **(25 marks)**

2. In the rapidly changing business environment with increasing technological advancement and stiff competition, developing new products has become a key survival strategy for most businesses.
 - a. Explain the concept of new product development **(5 marks)**

 - b. Distinguish between Product Development and Market Development strategies **(5 marks)**

 - c. Using examples, discuss two internal and two external new product development strategies. **(5 marks)**

 - d. Give and explain four main reasons why businesses adopt new product development strategy. **(5 marks)**

 - e. Discuss four main risks associated with new product development strategy **(5marks)**

3. Solarise International Company Ltd, a large multinational manufacturer of solar panels is considering opening a subsidiary in Ghana. Your consultancy has been approached to undertake general macro environmental analysis and offer advice on how to proceed.
 - a) Define environmental analysis and explain why it is important for Solarise International to conduct general macro environmental analysis. **(5 marks)**

 - b) With the help of relevant examples, explain the acronym PESTLE and discuss two factors in each of the PESTLE environments that you think must be of major concern to the CEO of Solarise. **(5marks)**

 - c) Construct a PESTLE framework to summarise the factors identified in b) above. **(5marks)**

 - d) Identify and discuss key strategically important opportunities or threats in these environments. **(5marks)**

 - e) What do you suggest Solarise do to exploit the opportunities and reduce the firm's vulnerability to the external threats identified? **(5marks)**