



**AFRICA  
UNIVERSITY**

*(A United Methodist-Related Institution)*

***Investing in Africa's future'***

**FACULTY OF MANAGEMENT AND ADMINISTRATION**

**COURSE TITLE: MMS511 STRATEGIC MANAGEMENT (EMBA MUTARE)**

**SEMESTER 1: FINAL EXAMINATION-NOVEMBER 2013**

**LECTURER: DR S E BAYON**

**TIME: 3 HOURS**

**INSTRUCTIONS**

Answer all questions in Section A and any 2 questions in Section B. Total marks are 100.

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The marks allocated to each question are shown at the end of the question.

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Credit will be awarded for logical, systematic and neat presentations.

**SECTION A – Compulsory Questions (Answer BOTH Questions)**

**Question One:**

Africa University Enterprises Ltd., is business organised as three divisions and Head Office. The divisions are based on market groupings, which are Retail, Wholesale and Government. The divisions do not trade with each other. The main method of control of the divisions has been the requirement to earn a return on investment (ROI) of 15% per annum. The definition of return and capital employed is provided by Head Office, as is the criterion rate of 15%.

The recent experience of Africa University Enterprises Ltd., is that the group, as a whole, has been able to earn 15% ROI but there have been wide variations between the results obtained by different divisions. This infringes upon another group policy that forbids cross-subsidisation i.e., each and every division must earn the criterion ROI. Africa University Enterprises Ltd. is now considering divestment strategies and this could include the closure of one or more of its divisions.

The Head Office is aware that the Boston Product Market Portfolio Matrix (BPMPM) is widely used within the divisions in the formulation and review of marketing strategies. As it is so widely known within the group and is generally regarded by the divisions as being useful, the Head Office is considering employing this approach to assist in the divestment decision.

- (a) Evaluate the use by Africa University Enterprises Ltd., of the ROI and its policy that forbids cross-subsidisation. **(10 Marks)**
- (b) Describe the extent to which the BPMPM could be applied by Africa University Enterprises Ltd., in its divestment decision. **(10 Marks)**
- (c) Evaluate the appropriateness of the use of BPMPM for this purpose. **(10 Marks)**

**Question Two:**

You have recently bought a small and dynamic company which specialises in developing organic cosmetic products and fake tan products. For success in this industry, innovation and creativity are important factors, together with providing superior customer service at affordable prices. The company realises that building a capable organisation with highly qualified staff is also a key success factor. One of the key challenges for management is to ensure that all staff is highly motivated. You and the top management team have to devise a strategy for the firm's future, which includes the need to motivate your staff and get their support for this strategy.

**a)** Discuss all four of the motivational approaches that the top management team need to address in order to make their workplace more appealing and spur strategic employee commitment in the strategy execution process.

- 1. Rely on promotion from within when possible **(5Marks)**
- 2. Make sure that frontline employees' ideas and suggestions are valued and respected**(5Marks)**
- 3. Share financial and strategic information with employees**(5Marks)**
- 4. Be flexible in how company approaches people management in multicultural environments. **(5Marks)**

**Total Marks for SECTION A: 50 Marks**

**SECTION B – ANSWER ANY 2 QUESTIONS**

1. The strategic management process encompasses three phases-strategy formulation, implementation, and evaluation and control. — Discuss. **(25 Marks)**
2. (a) List and discuss the Environmental factors that can affect an organisation's Strategy. (b) How would you analyse Competitive Environment? **(25 Marks)**
3. "If organisations want to stay competitive, they need to understand the importance of E-business to successful strategy execution" (Thompson and Strickland, 2010)  
Discuss the strategy shaping the characteristics of the E-Business environment as it applies to a company operating in today's dynamic environment, giving examples to support your answer. **(25 Marks)**
4. Discuss the main driving forces causing the industry's structure and business environment to change on a continuous basis giving an example to support your answer.

**Explanation of any 5 key driving forces:**

1. Globalisation of the industry – increased competition, outsourcing to low cost locations, China, India **(5 Marks)**
2. Economic decline – downturn in the economy **(5 Marks)**
3. The upsurge of the E-business and the new e-commerce opportunities **(5 Marks)**
4. Changes in buyer demographics and new ways of using products. **(5 Marks)**
5. Product Innovation **(5 Marks)**
6. Technological change **(5 Marks)**
7. Entry or exit barriers **(5 Marks)**
8. Regulatory influences and government policy changes **(5 Marks)**
9. Environmental issues **(5 Marks)**
10. Corporate Governance issues – Ethics. **(5 Marks)**

**Total Marks for SECTION B: 50 Marks**

GOOD LUCK