

BOTSWANA COLLEGE OF DISTANCE AND OPEN LEARNING

In collaboration with

THE COMMONWEALTH OF LEARNING

Commonwealth Executive Masters in Business Administration

Commonwealth Executive Masters in Public Administration

Strategic Management

SM321

Sessional Examination

Marks: 100

Time: 3 hours

Instructions:

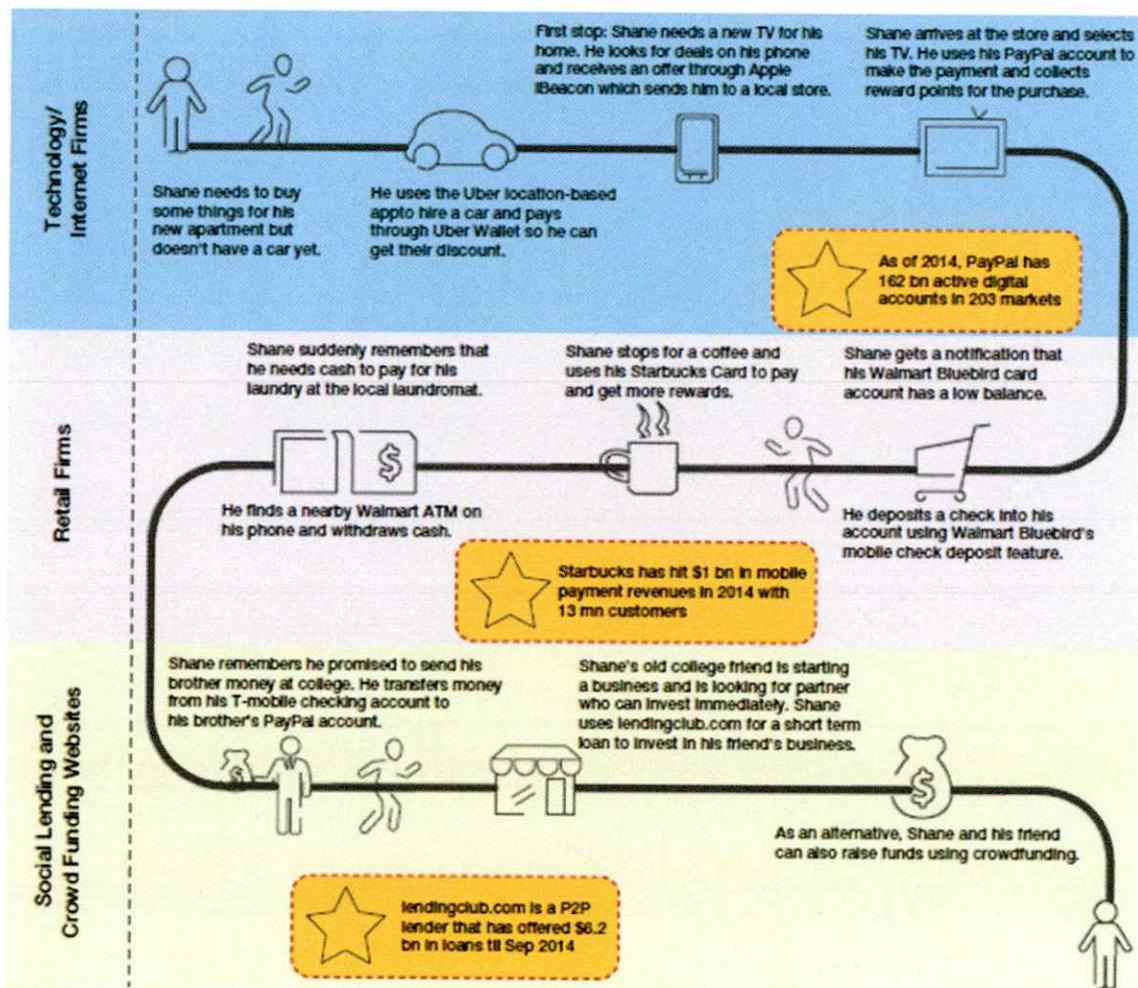
1. The examination consists of **Two** sections: A and B.
2. Begin each answer to a new question on a new page.
3. Answer questions according to instructions given in each section.
4. Write answers in the answer booklet provided.
5. Use correct English grammar.

SECTION – A

[40 MAR

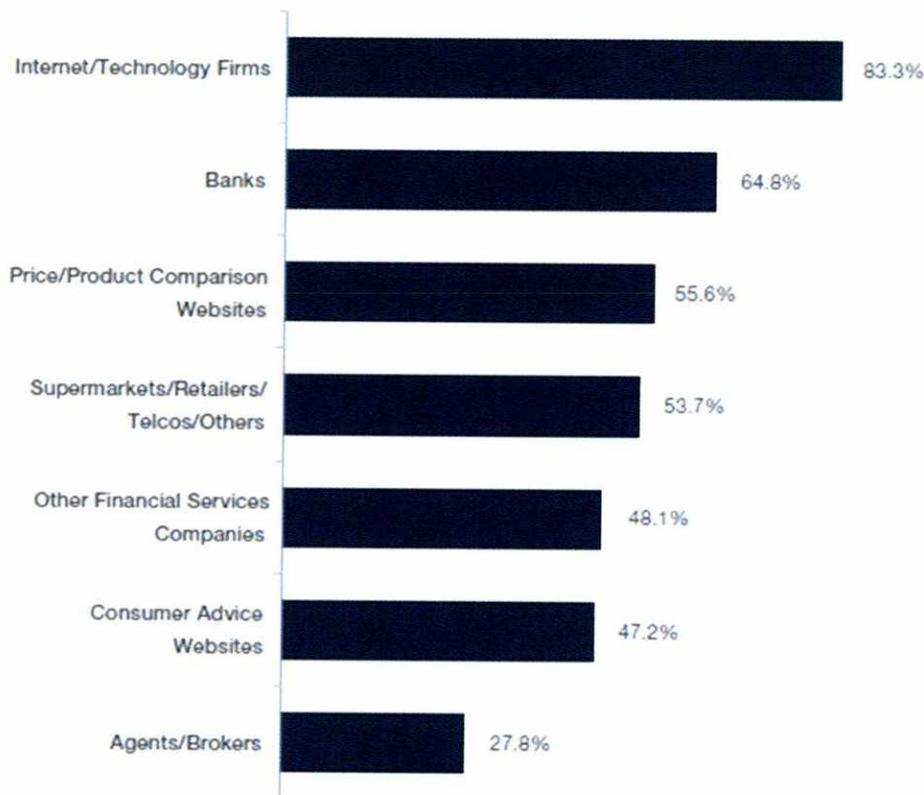
Answer ALL questions in this section.

Traditional financial institutions (banks) are under threat from the evolution of the industry an inter-connected digital financial ecosystem. The rapid growth, in some markets, of fintc firms has increased competition and tapped into previously unbanked sector. Studies condu for demographic sectors have revealed varying patterns of use and rates of adoption. diagram below illustrates the entrance by new players.



Source: Capgemini Global Financial Services, 2015; 2015 World Retail Banking report.

Some of the benefits of the competition include, *inter alia*, enhanced customer experience, competitive pricing of banking products and services, and more personal relations management. Research has shown increasing comfort levels in banking with different entities shown below.



Source: Capgemini Global Financial Services, 2015; 2015 Retail Banking Executive Interview Survey.

FinTech - is a line of business based on using software to provide financial services, its players in this industry are start-ups whose competitiveness is anchored on disrupting incumbent financial systems and corporations that rely less on software.

Questions:

- Using Porter's five forces model, analyse why the Fintech industries continue to be profitable and attractive despite declining growths in some industries. In your analysis, rate the force using either, low, medium or high impact.

(20 marks)



2. Several FMCGs (Fast Moving Consumer Goods) provide banking services. Choose FMCG and describe what unique resources, competencies and capabilities it possesses. Elaborate on how it is and has in the past leveraged on these. **(10 marks)**

3. Prepare a value chain analysis of an FMCG of your choice (for example, Choppies) . **(10 marks)**

SECTION – B

[60 MARKS]

Answer any **THREE (3)** questions in this section.

Use the following case study of **IKEA** to answer Questions one (1) and two (2).

The familiar blue and yellow colours of the IKEA logo (also the colour of the Swedish flag) be seen on stores in 18 retail parks located throughout the UK. Founded in 1943 by Ingvar Kamprad in the farmlands of Småland Sweden, the IKEA name combines his initials (IK) with the first letters from the names of the farm and village where he grew up - Elmtjärn and Agunnaryd (EA). From these small beginnings, IKEA today has 135,000 employees (including workers) working in its 303 stores in 26 countries across the world. In 2013, 212 million copies of its well-known catalogue were printed in 29 different languages.

To be so successful IKEA has developed over time, a wellplanned global network manufacturing operation that distributes its products in a productive and efficient way. With the vision ‘to create a better everyday life for the many people’, IKEA’s mission is “to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them”.

IKEA achieves quality at affordable prices for its customers by building long-term supplier relationships, investing in highly automated production and by producing large volumes. ‘The IKEA vision goes beyond home furnishing products, it wants “to create a better everyday for people impacted by our business.” The drive and focus of the company is to offer inspiration of functional, affordable and sustainable products to as wide a range of consumers as possible. The drive and focus is in line with its values and vision.

QUESTION 1

[20 MARKS]

- a. Analyse the vision and mission of IKEA. **(10 marks)**
- b. By use of examples, illustrate how the vision and mission of IKEA could help shape corporate strategy. **(10 marks)**



QUESTION 2

[20 MARKS]

Identify and discuss relevant performance measures for IKEA by application of each of performance perspectives of the balance scorecard. **(20 marks)**

QUESTION 3

[20 MARKS]

How could high environmental uncertainty affect an organisation's process of strategic development? **(20 marks)**

QUESTION 4

[20 MARKS]

The Ansoff product/market growth strategies model is a framework for the creation of strategic options an organisation could pursue. It is primarily aimed at generating strategic options provide growth for an organisation.

	Existing Product	New Product
Existing market	Market Penetration	Product Development
New Market	Market Development	Diversification

Required:

Formulate appropriate strategies for each of the four strategic options for any organization your choice. (Eg, what can be done in order to penetrate a market for the organization?).

(20 marks)