



UNIVERSITY OF KELANIYA - SRI LANKA

*Centre for Distance and Continuing Education*

**Faculty of Commerce & Management Studies**

Bachelor of Business Management (General) Degree Third Year Examination (External) – 2016

April/May - 2022

**BMGT E 3015 – Strategic Management**

No. of questions: Eight (08)

Time: 03 hours

Answer the first question and four (04) other questions only.

**Question No. 01**

**A & D Company**

A & D company limited was established in 1980 by Mr. Siyabalapitiya an engineer in profession. The company was created to meet the growing demand for motor vehicles in expanding economy of Sri Lanka, with the implementation of open economic policy. From 1980, the company was engaged in importing reconditioned vehicles from Japan and in selling them in the country. Especially, Toyota and Nissan vehicles were mainly imported cars, lorries and Jeeps were largely imported and sold by the company. In face of expansion of the business activities of the company and increasing demand for vehicles, two branches were established in Kandy and Galle. Further in 1992, several sales centers were established in Colombo, Kaluthara and Gampaha covering the western province of Sri Lanka.

As a result, in 1990s, the business of the company was further enhanced, Especially, since there was a reputation and the quality of the vehicles, among the customers, A & D company was able to create a brand image in the market. The selling of 1.5 million units of vehicles at the end of

1990s, by the company was a sign of success of the company. When it was year 2000, A & D company had 12 sales outlets and 1200 employees. Serving in the company making it a large-scale firm in the country.

The company took a strategic decision, expanding the business activities of the company. That was to establish service centers for providing vehicle services through the country. It was initially intended to provide services to vehicles sold out by the company. Due to high quality services provided, customers of other companies came to A & D service centers for getting their vehicles serviced.

This caused to expand the business and A & D further when it came to 2005, A & D company was able to earn Rs. 1.5 billion profits from this service line alone.

In 2006, The company expanded its business scope further by entering to importing and selling of heavy vehicles. There was a high demand for heavy vehicles in the country 2006 - 2015 period, due to the infrastructure development projects during that period. Therefore, the company was able to capitalize this opportunity in the market easily.

Though there were competing firms in the market, A & D company was able to do their business successfully till 2020. However, situation came after 2020, in the country, the company is facing a challenging situation at present.

Especially, the demand for vehicles came down gradually with Covid - 19 pandemic and Government banned the importation of vehicles to the country due to the foreign exchange crisis of the country.

A & D company was able to run the business and protect its survival with the available vehicle stocks until 2021. But the company faces an uncertainty for its stability at present. The top management of the company discussed the strategies for facing this crisis and proposed several strategic options as follows.

- (1) Entering to the secondhand vehicle market. Accordingly, the company will purchase used vehicles from domestic market and upgrade them and resell in the market.
- (2) Entering to the Re-exporting market. This is to import vehicles and re-export them to other countries with government approval.
- (3) Expand the A & D service business further and ensure a continuous cash flow to the company.
- (4) Abandon of heavy vehicle business completely and reduce the scale of the business to a manageable level.
- (5) The company should swift the business to another sector by reducing the vehicle business gradually.

The Management Team of A & D company is considering the appropriateness and inappropriateness of each of these strategic options with the assumptions on the economy of the country in next five years.

This is an imaginary case.

#### Questions.

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- a) Based on the prevailing situation of the country, evaluate the appropriateness and inappropriateness of the strategic options proposed by the top management of the company.  
(14 marks)
  - b) Based on the assumptions you have on the economic situation of the country in next five years, propose a strategy for the company among the suggested options with justification.  
(14 marks)
- (Total 28 marks)**

#### Question No. 02

- a) Defining "Strategic Management", explain the main phases of strategic management process.  
(09 marks)

- b) Describe the benefits of Strategic Management using suitable examples.

(09 marks)

**(Total 18 marks)**

**Question No. 03**

- a) Identify the major opportunities and threats for average business organizations of economy of Sri Lanka, as an external environment factor.

(09 marks)

- b) Explain with examples what are the main aspects to be included in a mission statement?

(09 marks)

**(Total 18 marks)**

**Question No. 04**

- a) Describe a model for assessing the strategic capability of an organization.

(09 marks)

- b) Discuss the usability of the value-chain approach for assessing the internal environment of an organization.

(09 marks)

**(Total 18 marks)**

**Question No. 05**

- a) Stating the variants of stability strategy explain the situations where stability strategy is usable.

(09 marks)

- b) Explain with practical examples the various ways of implementing "Intensive Growth strategy".

(09 marks)

**(Total 18 marks)**

**Question No. 06**

- a) Describe the various ways of implementing Retrenchment Strategy.  
(09 marks)
- b) What are the various activities for achieving Cost Leadership Status for an Organization.  
(09 marks)
- (Total 18 marks)**

**Question No. 07**

- a) Discuss the importance of organizational structure in implementing of strategies.  
(09 marks)
- b) State briefly areas of marketing function to be considered under marketing strategy.  
(09 marks)
- (Total 18 marks)**

**Question No. 08**

- a) Write short - notes on any three of the following topics.
- I. Production and Purchasing Strategy.
  - II. The process of Reviewing and Evaluation of Strategies.
  - III. Financial Strategy.
  - IV. HRM Strategy.
- (06 marks for each)
- (Total 18 marks)**

