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) – 2019

September - 2023

BMGTE 3015 – Strategic Management

No. of questions: Eight (08) Time: 03 hours

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

Question No 01

Global Motors

Global Motors is a well-established automobile manufacturing company operating since 1985. The company initially focused on producing standard sedans and utility vehicles, catering to the middle-income market segment. Over the years, Global Motors successfully met the growing demand for its products, particularly in urban areas. In response to the increasing demand, the company opened multiple sales outlets in major cities across the country.

In the early 1990s, the market dynamics shifted significantly due to the liberalization of the economy and increased competition from foreign automobile manufacturers. The introduction of cheaper imported vehicles posed a severe threat to the market share of Global Motors. As a result, the company experienced its first-ever financial loss in 1993, and its sales witnessed an annual drop of 10%.

Recognizing the urgency to adapt to the changing market trends, the management team at Global Motors decided to revise its strategy. They initiated the production of more fuel-efficient and ecofriendly vehicles, targeting environmentally-conscious customers. Additionally, the company shifted its focus towards manufacturing compact and electric vehicles to cater to the growing demand for sustainable transportation solutions.

The new strategy proved successful, and Global Motors recovered from the crisis and achieved sustainability by 1995. The market response to their fuel-efficient and electric vehicles was positive, especially in urban areas where concerns about pollution and fuel costs were on the rise. However, in the late 2000s, the automobile market witnessed another significant shift as consumers preferred ride-sharing services and public transportation options. Additionally, the government introduced strict emission norms, making it challenging for older models to comply with the regulations. As a result, the demand for standard sedans and utility vehicles declined, and Global Motors faced declining sales in these segments.

The company's management is considering a recovery strategy from the situation and expects growth in the future. Some of its managers believe that they should shift their business to another industry. They claim that it is impossible to achieve growth given the external situation. But the rest of the managers believe there is still an opportunity in the industry. They propose to introduce a range of hybrid and autonomous vehicles. They point out that with the increasing income level, there is a huge opportunity in the market.

Questions

a) Identify the various strategies the company has followed up to now.

(12 Marks)

b) Among the two strategies mentioned by the managers to recover the company, what do you recommend as the appropriate strategy for the company? Give reasons for your stand in light of the company's external situation.

(16 Marks)

(Total 28 Marks)

Question No. 02

a) Defining strategic management, explain its importance for the success of an organization with examples.

(08 Marks)

b) There are several concepts used in strategic management. Briefly describe five concepts related to strategic management.

(10 Marks)

(Total 18 Marks)

Question No. 03

a) Identify and explain four situations in which the determined objectives of an organization can be changed.

(08 Marks)

b) Explain the factors that hinder the effective implementation of strategic management in an organization.

(10 Marks)

(Total 18 Marks)

Question No. 04

a) Briefly describe the widely used PEST model in strategic management, which aids in assessing the external environment of an organization.

(08 Marks)

b) Select a real organization that exists in society and analyze opportunities and threats that currently impact the institution.

(10 Marks)

(Total 18 Marks)

Question No 05

a) Explain the forms of competition that an organization has to face depending on the number of competitors and the intensity of competition.

(08 Marks)

b) Explain Michael Porter's Five Forces Model and its relevance in assessing competitiveness within the fast-food industry in Sri Lanka.

(10 Marks)

(Total 18 Marks)

Question No. 06

a) Elaborate on the different types of growth strategies used by organizations.

(08 Marks)

b) Discuss the significance of performance management in the successful implementation of strategies.

(10 Marks)

(Total 18 Marks)

Question No 07

a) Identify and elaborate on two structural adjustments organizations adopt while implementing strategies, considering the specific circumstances they face in the business environment.

(08 Marks)

b) Discuss Michael Porter's three generic strategies and illustrate each with real-world example.

(10 Marks)

(Total 18 Marks)

Question No 08

a) "In determining the overall strategy of an organization, there are actions that must be taken to ensure that the respective functional areas of the organization are consistent with it." Explain.

(08 Marks)

b) Explain the quantitative and qualitative determinants of performance measurement in a modern business organization.

(10 Marks)

(Total 18 Marks)