



**CHRISTIAN SERVICE UNIVERSITY COLLEGE  
KUMASI -GHANA**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF MARKETING, LOGISTICS AND CORPORATE STRATEGY  
END OF SECOND SEMESTER EXAMINATIONS, 2019/2020 ACADEMIC YEAR**

**BACHELOR OF BUSINESS ADMINISTRATION IN ACCOUNTING  
BACHELOR OF BUSINESS ADMINISTRATION IN BANKING AND FINANCE  
BACHELOR OF BUSINESS ADMINISTRATION IN MARKETING  
BACHELOR OF BUSINESS ADMINISTRATION IN HUMAN RESOURCE MANAGEMENT**

**Level 400**

**CSBM 442 STRATEGIC MANAGEMENT**

**June 2020**

**[70 marks]**

**INSTRUCTIONS TO CANDIDATES:**

- **There are four (4) question in this examination**
- **Answer question 1 which is compulsory and any other question.**
- Write your answers on the **answer sheets provided**
- **Your answer for EACH QUESTION should be FOUR (4) pages minimum.**
- Write your index number clearly at the top of every page of the answer sheets used.

**Note: Marks will be awarded for:**

- Introduction
- Content
- Conclusion
- Evidence of Further Reading
- Originality and Independence (Cheating would be penalized and integrity rewarded)
- Correct grammar, clarity of expression and logical presentation of facts.
- Good References

**Examiner: S. Banahene**

**Question 1 (Compulsory)**

**Case Study (30 Marks)**

First Home Care Ltd is a privately-owned Ghanaian company that sells flat pack furniture, accessories, and bathroom and kitchen items in its retail stores in Ghana. The company pioneered flat-pack design furniture at affordable prices and has become the largest furniture retailer in Ghana. The operational concept of First Home Care Ltd began with an entrepreneur in Kumasi. The people of Kumasi have reputation for working hard, living frugally and making the most out of limited resources. So when the entrepreneur started his furniture business, he applied the lessons he has learnt in Kumasi to the home furnishing market.

**Mission:** ‘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.’

**Vision:** ‘To create a better everyday life for the many people.’

**Market Positioning:** ‘Your partner in better living, We do our part, you do yours. Together we save money.’

The First Home Care financial information for 2009 and 2010 are as follows (all the Particular figures are in Ghana cedis):

Consolidated Income Statement

Particulars	Year	
	2010	2009
Sales Revenue	23,539	21846
Cost of Sales	(12,454)	(11,878)
<b>Gross Profit</b>	<b>11,085</b>	<b>9,968</b>
Operating Cost	7,888	7,202
<b>Operating Income</b>	<b>3,197</b>	<b>2,766</b>
Net Financial Income and Expenses	76	143
<b>Income Before Interests and Taxes</b>	<b>3,273</b>	<b>2,909</b>
Tax	(577)	(384)
<b>Income Before Interest</b>	<b>2,696</b>	<b>2,525</b>
Interest	(8)	(9)
<b>Net Income</b>	<b>2,688</b>	<b>2,534</b>

Consolidated Balance Sheet

Particulars	Year	
	2010	2009
<b>Assets</b>		
Property, Plant and Equipment	15,982	14,206
Other Fixed Assets	2,683	2,652
<b>Total Fixed Assets</b>	<b>18,665</b>	<b>16,858</b>
Inventory	3,415	3,116
Receivables	2,238	2,797
Cash and Securities	16,955	14,334
<b>Total Current Assets</b>	<b>22,608</b>	<b>20,247</b>
<b>Total Assets</b>	<b>41,273</b>	<b>37,105</b>
<b>Equity and Liabilities</b>		
<b>Group Equity</b>	<b>22,841</b>	<b>19,775</b>
Long-Term Liabilities	4,296	4,509
Other Non-Current Liabilities	1,325	1,395
<b>Total Non-Current Liabilities</b>	<b>5,621</b>	<b>5,904</b>
Short-Term Liabilities	7,724	7,251
Other Payables	5,087	4,175
<b>Total Current Liabilities</b>	<b>12,811</b>	<b>11,426</b>
<b>Total Equity and Liabilities</b>	<b>41,273</b>	<b>37,105</b>

First Home Care undertook internal and external analysis and had the following summaries as its strengths, weaknesses, opportunities and threats:

SWOT ANALYSIS

<b>Strengths</b>	
Powerful brand image	Wide range of products and styles
European designs	Cheap and affordable
Furniture is easy to assemble and transport	One stop shop
Friendly store layout	Strong global sourcing capabilities
<b>Weaknesses</b>	
Relatively few locations	Hassle to locate items
Advertising not appealing to young people	Furniture not built to last for lifetime
<b>Opportunities</b>	
Untapped market in Ghana and West Africa	Growing working class
Growing technology infrastructure and user rate among target markets	Competitors have larger sales outlets located outside cities
<b>Threats</b>	
Threats from plastic-based furniture	Outbreak of Corona virus
Declining accommodation space in urban cities	Fallen real income due to inflation

First Home Care opened the following branches in the course of its operations:

Year	Location(s) of Branch
1990	Nigeria
2000	Burkina Faso and Togo
2005	South Africa
2010	Kenya

**Required:**

- (a) Calculate the following financial ratios for each of the two years and discuss the implications of the answer:
  - (i) Cost of sales to sales **(3 marks)**
  - (ii) Net earnings to sales **(3 marks)**
  - (iii) Working capital ratio **(3 marks)**
- (b) Use the firm’s mission, vision, market position and the summaries of the SWOT Analysis to discuss four (4) specific strategic management actions the firm should take to achieve competitive advantage. **(12 marks)**
- (c) Evaluate the strategic growth of the firm in the context of its internal resources and external environment. **(9 marks)**
- (d) Given the social background of the Entrepreneur, the core business of the firm, its financial position and market development, critically assess the firm’s business sustainability. **(10 marks)**

**Section B (Attempt only 1 question for 30 marks)**

**Question 2**

You have been invited to speak to business students on how to establish and manage an organisation. Discuss the meaning and stages of strategic management process to the students. **(30 marks)**

**Question 3**

- (a) Evaluate Porter’s (1980) General Strategy usefulness to firms in Ghana. **(16 marks)**
- (b) Discuss the stages involved in strategic change management process. **(14 marks)**

**Question 4**

Your University College is planning to intensify its online teaching and learning practices due to COVID-19 pandemic. Discuss

- a. any four (4) factors the University College should consider in the planning process. **(12 marks)**
- b. any four (4) implementation challenges the University College should expect. **(12 marks)**
- c. any three (3) ways through which the online teaching and learning practice can be evaluated. **(6 marks)**