



CHRISTIAN SERVICE UNIVERSITY COLLEGE
KUMASI
CSUC SCHOOL OF BUSINESS
DEPARTMENT OF MANAGEMENT AND GENERAL STUDIES
END OF SECOND SEMESTER EXAMINATION – 2018/2019 ACADEMIC YEAR

LEVEL 400

CSBM 442 STRATEGIC MANAGEMENT

MAY, 2019

70 MARKS

TIME ALLOWED: 2 HOURS 30 MINUTES

GENERAL INSTRUCTIONS

- Candidate must write his/her index number, signature and date at the top of the question paper.
- This question paper is in two parts. Candidate is required to attempt all the questions in Part A and two (2) questions from Part B.
- All answers should be written in the answer booklet provided.
- All rough works must be done in the answer booklet and should be cancelled accordingly.
- Candidates should number their answers accordingly.
- The award of marks shall consider good presentation and clarity of expressions.

Examiner: Stephen Banahene

Part A (Answer all the questions in this part)

Question 1

Strategic Management of Adjekete Foods Ltd

Adjekete Foods Ltd is a fast growing agro-based firm in Ashanti Region of Ghana. The firm was established by Isaac Adjei in the year 1996 for supplying vegetables to the retail outlets of Kumasi city. Over the years the operations of the firm grew rapidly and it started supplying its produce to all major cities in the Ashanti Region. The vision and mission statements of Adjekete Foods Ltd are stated below:

Vision

To be the leading agro based company in West Africa.

Mission

Adjekete Foods Ltd is committed to providing quality agricultural products by making use of latest technology and processes. We value the contribution of all our stakeholders in helping us to achieve success in all aspects of business and in meeting our commitment to the customers and society at large.

In 2002, the firm started its poultry business, in addition to its existing portfolio. The firm has its own farms for vegetable production and chicken farming. The Poultry Division supplies eggs to the retail outlets and chicken to a major processing firm in Ghana. Encouraged by the healthy growth of the Vegetable and Poultry Divisions, the firm started its Dairy Division in 2008 and it earned quick success in the Ghana market. The dairy products capitalized on the Adjekete brand name that was already popular in Ashanti Region. The firm went public and its share price saw a rapid increase over the years. However, since year 2012, the competition in the agro industries has been growing and it has started impacting on Adjekete Foods Ltd considerably. The financial performance of the firm for the last three years is given in Table 1 below:

Table 1: Divisions Performance for Adjekete Foods Ltd

Performance Areas	Vegetable Division			Poultry Division			Dairy Division		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Sales Revenues (million cedis)	37.5	42.8	53.4	12.6	13.3	12.8	4.5	6.7	9.8
Total costs (million cedis)	29.3	31.7	37.2	10.4	11.5	11.6	3.6	4.8	6.8
Earnings Before Interest and Tax (million cedis)	8.2	11.1	16.2	2.2	1.8	1.2	0.9	1.9	3.0
Interest paid to banks (million cedis)	1.2	2.5	3.2	0.5	0.5	0.5	0.2	0.6	0.8
Relative Market share	0.56	0.63	0.87	0.35	0.22	0.16	0.8	0.16	0.22

Note: The Income tax rate is 5% for all years.

Mr. Isaac Adjei has been concerned about the growing competition and the general financial health of the firm. After discussing his concerns with his executives, the firm decided to review the business position and suggest future course of actions. Accordingly, the firm appointed Mr. Kwasi Brentuoh, the Marketing Manager to examine the current position of the company. The Manager worked with a team of representatives from different departments to conduct external and internal assessment of the firm. The results of the assessment made by the team are as presented in:

- (i) Table 2 showing the external factors in the industry and their relative importance, and how those factors affect the respective divisions.
- (ii) Table 3 showing internal resources and their respective contribution for success, and how each division possesses the resource.

Table 2: External Factor Analysis (Rate of impact on performance: 1 – low, 4 – high)

Factors	Factor importance to industry	Factor Impact		
		Vegetable	Poultry	Dairy
Increasing competition	0.21	4	2	3
Dropping oil prices	0.13	3	2	3
Governmental support for industries	0.13	3	2	3
Availability of skilled manpower	0.20	3	1	2
Technological advancements	0.10	4	2	2
Growth of Ghana's Economy	0.14	2	2	2
Variations in customers' choices	0.09	4	2	3

Table 3: Internal Factor Analysis (resource possession rating: 1- low, 4 – high)

Factors	Factor importance to firm success	Resource Possession Rating		
		Vegetable	Poultry	Dairy
Financial position and stability	0.16	4	1	2
Technological knowhow	0.11	3	3	3
Market share	0.18	3	2	3
Management expertise	0.14	4	3	3
Outreach in the region	0.16	3	2	3
Client relationships	0.12	3	3	3
Operational capabilities	0.13	3	3	3

Required:

- (i) Using the information in table 1, calculate Adjekete Foods Ltd earnings after tax and other expenses for:
 - (a) Vegetable Division for 2016, 2017 and 2018 years (3 marks)
 - (b) Poultry Division for 2016, 2017 and 2018 years (3 marks)
 - (c) Dairy Division for 2016, 2017 and 2018 years (3 marks)

- (ii) Using the information in table 2 explain:
 - (a) 2 macro factors that give Vegetable Division of Adjekete Foods Ltd opportunity. (4 marks)
 - (b) 2 macro factors that give Vegetable Division of Adjekete Foods Ltd threat. (4 marks)
- (iii) Using the information in table 3, explain two strengths of the Vegetable Division of Adjekete Foods Ltd. (4 marks)
- (iv) Using Porter's Generic strategy, explain with reason(s) the strategy that Adjekete Foods Ltd should pursue for:
 - (a) Vegetable Division (3 marks)
 - (b) Poultry Division (3 marks)
 - (c) Dairy Division (3 marks)

Part B (Answer two (2) questions only)

Question 2

You have been invited to speak to business students on how to establish and manage an organisation. As part of your presentation, explain the following:

- (i) The meaning of strategic management (4 marks)
- (ii) Four (4) importance of strategic management to business managers (16 marks)

Question 3

A Private University has contacted you to assist the University in its transformational agenda. As part of your contribution:

- (i) Explain the meaning of internal analysis (4 marks)
- (ii) Explain four (4) resources Private Universities in Ghana should analyse and why. (16 marks)

Question 4

Explain the meaning and how firms can apply the following growth strategies in Fast Moving Consumer Goods market:

- (i) Market Penetration (5 marks)
- (ii) Market Development (5 marks)
- (iii) Product Development (5 marks)
- (iv) Diversification (5 marks)