



The Open University of Sri Lanka
Master of Business Administration in Human Resources Management
Final Examination 2019
MCP2255/MSP9336 – STRATEGIC MANAGEMENT
Duration 3 Hours

DATE: 10th March 2019

TIME: 9.30 am to 12.30 pm

Instructions:

Answer **Question 1** and any **THREE** from the others

Illegible hand writing is liable to lose marks.

This question paper has four pages and six questions.

Question 1 (Compulsory)

Read the following *“Strategy in The Age of Too Much: Why Google Maps is Better Than SWOT”* and attempt the questions given at the end.

Strategy in The Age of Too Much: Why Google Maps is Better than SWOT

We live in a time of abundance. Abundance of choices, abundance of stuff, abundance of opportunities, abundance of aspirations, abundance of technologies, and above all, abundance of data and information. There is just so much coming on our path that we have no idea anymore what to pay attention to and which choices to make. We experience this in our private lives and as customers. We have a virtually unlimited range of products and services to choose from and are bombarded with information, news, 'news' and advertisements about every second of our day through the regular and social media.

And we experience it in business too. As business leaders there is just so much information coming to us from within and outside our organizations and there are so many possible threats and opportunities to respond to, that there is no way of knowing whether or not we have made the right choices and decisions. As a result, the main challenge in business is no longer to obtain

and deploy scarce resources and capabilities or to create attractive products and services that customers like. Of course, those are still crucial. They form the cornerstone of value creation and without them no business can exist. But the main challenge today is knowing what to pay attention to and keeping your focus on that.

Nobel laureate Herbert Simon was aware of this problem a long time ago. Already in 1971, he said, "A wealth of information creates a poverty of attention." That is exactly what we experience today, in the age of too much. Due to all the information we receive, we have great difficulties focusing our attention. In a sense, the field of strategy has always tried to deal with this issue. Missions and visions or formulating a 'why', for example, are meant to help you create focus in your organization and direct where the attention should be going. The same applies to Porter's generic strategies (differentiation, cost leadership and focus) and Treacy and Wiersema's value disciplines (product leadership, operational excellence and customer intimacy). Their message is: pick one or maybe two and focus all your attention on that. Along the same line, many strategy tools such as the SWOT, the balanced scorecard, the BCG matrix and the five forces framework are all doing the same: they all tell leaders what are the few most important things they should pay attention to.

The common denominator of these tools is simplification. They radically simplify the business world by dividing it in three, four or five categories that leaders should pay attention to—often in the form of two-by-two matrices. With the SWOT, for example, you divide the world into strengths, weaknesses, opportunities and threats and let this guide your strategy. And with the BCG matrix, you divide the world into question marks, stars, cash cows and dogs and let that division guide you in making key decisions. And so on. Managing attention through simplification is nice. Reducing the complexity to a handful of factors to pay attention to feels good. It makes you feel more in control and that is useful. And simplification is necessary too. We cannot possibly pay attention to everything and therefore need ways to simplify our world. But there is a limit. If they oversimplify too much, our tools don't work anymore.

Outside the field of strategy we know this. A good metaphor is driving to a town where you have never been before. To drive there you probably use your navigation app, Google maps, or a traditional map. All of these tools are simplifications. Along the idea that "the map is not the territory" they omit a lot of the details of the real world to give you a clear picture of where to go. But they are still pretty complex and contain a lot of information about the kind of roads you will drive on, whether you drive through a rural or an urban environment, which exits to take, how far it is, whether you can expect any delays, and so on. Imagine you would use a simple two-by-two matrix to get from A to B. We actually have one: a compass. It divides the world into latitude and longitude and could tell you, for example, that your destination is 34.4 degrees North and 22.7 degrees West. As such, it simplifies the complex task of getting from A to B to

simple coordinates. The only thing you then have to pay attention to is the direction you are driving. But if you have ever tried driving on a compass, you know this doesn't work. The problem is that, unless you are extremely well-skilled, a compass is too simple a tool to get the job done. Driving from A to B is not just a matter of knowing the latitude and longitude. Defining it as such abstracts too much from the reality of driving in the real world. As a result, a compass doesn't really help us solve the problem.

The same applies to business and strategy. It is an illusion what we can simplify our world of abundance with simple models and expect those to help us guide our attention and make decisions. If a compass is already too simple for a relatively straightforward task as driving from A to B, there is no way that simple models like the ones above are enough to get the much more complex job of getting our organizations from A to B done. We need more advanced tools than that. Especially, we need more accurate maps and semi-automatic tools that help us tell where to go and how to get there.

Source : Forbes, Feb 12, 2019, Jeroen Kraaijenbrink

- (a) Explain the main argument of this article emphasizing on the implication it has on the Management of an organization. (16 Marks)
- (b) "The common denominator of these tools is simplification.....With the SWOT, for example, you divide the world into strengths, weaknesses, opportunities and threats and let this guide your strategy....And simplification is necessary too. We cannot possibly pay attention to everything and therefore need ways to simplify our world. But there is a limit. If they oversimplify too much, our tools don't work anymore..." Critically evaluate this statement using any three models in Strategic Management. (24 Marks)

Question 2.

- (a) Describe the key features of a good 'mission statement' of an organization. (06 Marks)
- (b) Why do strategists always keen on setting up a mission statement for an organization at the beginning of strategic management process? Explain. (07 Marks)
- (c) 'Mission Statement of an organization should be made available to all'. Why? Explain. (07 Marks)

Question 3.

- (a) Describe the key characteristics of objectives. (06 Marks)
- (b) What advantages can the management of an organization enjoy by setting up objectives? Explain. (06 Marks)
- (c) Describe how the activities such as 'setting up of objectives', 'policies' and 'resource allocation' are necessary for the implementation of a new strategy. What are the roles of the said activities in successful implementation of a strategy? (08 marks)

Question 4.

- (a) Explain what is a 'learning organization' and strategists view on benefits of a becoming a 'learning organization'. (10 marks)
- (b) 'Value chain analysis allows managers to identify where value is currently added in the system and where there is potential to develop further value in future by reconfiguring and improving coordination among activities.' Explain this statement using examples. (10 marks)

Question 5.

- (a) Explain the different types of integration strategies that can be pursued by a strategist. Under what conditions may such strategies be used by a strategist? (10 Marks)
- (b) 'Outsourcing is used by strategists as an alternative to integration strategies.' Explain what is meant by 'outsourcing' and, why strategists may opt for 'outsourcing' as an alternative to integration strategies. (10 Marks)

Question 6.

Explain any TWO (2) of the following with suitable examples. (10 marks each)

- (a) Describe Corporate Social Responsibility of an organization and how it can be helpful towards the success of an organizations.
- (b) Strategic control and Balanced Score Card.
- (c) 'Blue Ocean' and 'Red Ocean' *markets* and suitable strategies for entering into such markets.

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