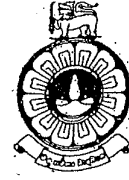


THE OPEN UNIVERSITY OF SRI LANKA
 COMMONWEALTH EXECUTIVE MASTER OF BUSINESS/PUBLIC ADMINISTRATION
 (CEMBA/CEMPA) PROGRAMME
 LEVEL 10
 OSPA453 – STRATEGIC MANAGEMENT
 FINAL EXAMINATION – 2025
 DURATION – THREE (03) HOURS



Date: 23 February 2025

Time: 1.30 pm - 4.30 pm

Instructions:

- i. Answer **Question 1 (Compulsory)** and any **3 questions from the others**.
- ii. Answers should be focused and methodical. Use suitable examples where applicable.
- iii. State your examination index number in every answer script.
- iv. This paper has 5 pages and 5 questions. Maximum marks 100.

Question 1

Read the following article and attempt the questions given below with your knowledge of Strategic Management.

Case for the final examination

The Importance of Strategic Planning For Business Success

Jose Luis Gonzalez Rodriguez
 Forbes Councils Member

In today's fast-paced business world, strategic planning emerges as an essential tool for the success and survival of companies. The ability to anticipate, adapt and direct resources toward specific goals is crucial in a competitive environment where changes are exponentially rapid.

In this article, we will explore the significance of strategic planning for businesses, presenting key tools for its implementation and highlighting the numerous advantages it brings, all supported by an online survey made by me in which 576 entrepreneurs and executives from companies of various sizes and sectors throughout Spain participated during the first quarter of 2024.

The survey included five questions:

1. Do you believe a strategic plan is necessary to carry out your business activities?

Of the respondents, 90% said it was necessary, 6% thought it was not necessary and the remaining 4% stated that intuition and experience were better.

An overwhelming majority of respondents thought that strategic planning is necessary because they know of the need for order in business management. However, as we will see in the following questions, the percentage of executives and businesspeople who carry out this exercise is lower. This shows that companies are run without using basic efficient business management tools.

Many of these entrepreneurs have high academic qualifications. They do not apply a strategic plan because their daily lives make them lose track of what is important and strategic, and instead, they just work on what is urgent. The presence of a business coach can be a very important option to get them to focus on what is really important to make their businesses more efficient, modern and competitive.

2. Did you create a defined and thoughtful strategic plan for your business activities last year, 2023?

Only 46% answered affirmatively, despite 90% seeing the need for a strategic plan. Almost 40% admitted they hadn't done it, and 16% responded that they did it "their way." This highlights the difficulty for executives and entrepreneurs in allocating time to execute strategic tasks. The day-to-day demands of business prevent moments of reflection and analysis of the situation to focus the business in the right direction.

3. If you made a strategic plan for 2023, what percentage has been fulfilled?

Only 14% indicated they had fulfilled their strategic plan from the prior year below 50% of what was planned. About a third (28%) of respondents fulfilled between 50% and 75% of their plan, and 21% of respondents fulfilled between 75% and 100%. Another 38% exceeded what was planned. From this, we can conclude that slightly more than half are close to what was intended, and the rest are significantly off target.

Experience tells me that strategic planning is often done with little reflection and insufficient competitor data, environmental analysis or consideration of the threats and opportunities offered by market globalization, digitalization and artificial intelligence (AI). They are often done using linear growth percentages and intuition, but in most cases, without a rigorous market analysis, which is highly changeable.

4. If you see it necessary to create a strategic plan, which members of the company should participate in its development?

Forty percent believe that the entrepreneur and their management team should participate, and 60% believe that an external expert should also be included. Undoubtedly, an external, unbiased view can bring great value to this reflective process, which undoubtedly contributes to ensuring that the plan is as closely aligned with a reality where internal changes will be more than necessary to successfully face the business challenge. There is a majority that perceives it this way, but experience tells me that entrepreneurs rarely actually do so.

5. For what period of time should a strategic plan be made?

- 1 year: 12%
- 2 years: 11%

- 3 years: 44%
- 5 years: 33%

These results show that respondents know the theory but not the practice. For small and medium-sized enterprises, making a strategic plan for three or more years, in the current situation, is an enjoyable exercise but generally not very useful because today's market circumstances are very changeable. It is the new paradigm of business management: flexibility to adapt to the market.

In conclusion, the data reveals a high perception of the need for a strategic plan, although there is a significant gap between this perception and its effective implementation. Lack of time, difficulty in allocating resources to strategic tasks and lack of deep reflection are common challenges.

Furthermore, the importance of the participation of external experts in the strategic planning process is emphasized, as is the need for flexibility in the timeframe of strategic plans. Ultimately, these findings underscore the importance of approaching strategic planning with seriousness and dedication to navigate successfully in a constantly changing business environment.

Apr 30, 2024

Questions:

- Discuss the significance of implementing strategic management practices for both newly established and existing organizations. (16 marks)
- Critically evaluate the following statement with reference to an example from the banking sector in Sri Lanka: "The ability to anticipate, adapt, and direct resources toward specific goals is crucial in a competitive environment where changes are exponentially rapid." (16 marks)
- Explain the reasons for failure in fulfilling the strategic management plans by the entrepreneurs and executives of the companies as per the above article. What remedial actions would you recommend for consideration in strategic planning within a dynamic business environment? (14 marks)

[Total: 46 Marks]

Question 2

The competitive advantage of a company is linked to the strategic development and utilization of its core competencies.

- Express your perspective on the above statement by explaining the concepts of 'competitive advantage' and 'core competencies.'. (10 marks)
- Competitive advantages of an organization are not perpetual, it might lose its advantage over time. Explain this concept using the VRIO framework and support it with examples. (08 marks)

[Total: 18 Marks]

Question 3

Developing a SWOT is primary to create a sound strategic management plan.

- a) Discuss a suitable framework to gather information to understand the internal and external environment of an organization with a view to improving its competitiveness using strategic management practices. (10 marks)
- b) Explain how the results of a SWOT analysis can aid in both strategy and the evaluation and control of strategies in a tea-related business. (08 marks)

[Total: 18 Marks]

Question 4

'Without proper planning for the market, the management of an organization could face situations called as "stuck in the middle", as described by Micheal E Poter.'

- a) Illustrate the statement using Michael Porter's Generic Strategies model, providing an example of a leading mobile phone brand. (10 marks)
- b) Examine the above statement with the benefits of using a generic competitive strategy. (08 marks)

[Total: 18 Marks]

Question 5

Describe any two of the following concepts, incorporating examples from a global or Sri Lankan context.

- a) 'Good information systems are essential for strategy evaluation and control.' Explain with tools used for strategy evaluation and control functions. (09 marks)
- b) M E Porter's five forces industry analysis model helps to identify how easily an organization or a new product can enter into a market. (09 marks)
- c) Diversification strategies and adoption of diversification strategies with the anticipation of possible external environmental crisis. (09 marks)

[Total (9x2): 18 Marks]

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