

**UGANDA MARTYRS UNIVERSITY, LUBAGA / NKOZI  
CAMPUS DAY**

**FACULTY OF BUSINESS ADMINISTRATION AND  
MANAGEMENT**

**DEPARTMENT OF MANAGEMENT SCIENCE**

**BAM 3 SEMESTER ONE 2021/2022**

**COURSE UNIT: Business Policy**

**DATE: TUESDAY, 25<sup>TH</sup> January 2022**

**Time allowed: 9:30am – 12:30pm**

**Instructions to Candidates:**

1. Time allowed: **3 hours**.
2. Question **one** is compulsory and carry 40 marks.
3. Attempt any other **three** questions. Each question carries 20 marks.
4. Write your answer to each question on a fresh page in your answer booklet.
5. Please read further instructions on the answer booklet, before attempting any question.

**NB: No phone is allowed in the examination room**



**Question one:**

Niskam Confectionery Ltd (NCL) has been in business for over 30 years. The company's products include biscuits, bread and doughnuts among others. NCL's business success in the recent past is largely attributed to the existence of a reliable source of inputs, especially wheat which is imported from Kenya under the just-in-time (JIT) replenishment system. Owing to the good relationship built with the suppliers, NCL has been able to secure long-term supply contracts. The company also has a stringent quality inspection mechanism for all inputs, a measure that has enabled it to consistently deliver good quality products. Since the introduction of JIT five years ago, NCL's inventory holding costs and business financing costs have reduced by approximately 40%. However, the factory equipment has continued to breakdown regularly, therefore requiring regular repairs. Management accountants have observed that the costs of breakdown and paid idle time have been on the rise over the last five years. This notwithstanding, the company has a highly trained, loyal and experienced in house factory maintenance team which repairs the equipment whenever it breaks down. Recently, the National Environment Authority (NEA) carried out inspection at the factory and observed that the carbon emission from the factory equipment was above NEA's regulatory limits. The inspectors also observed that NCL had not complied with environmental conservation measures approved by NEA in the previous environmental impact assessment. As a result, heavy fines were imposed on the company, while other directives were also issued for immediate implementation. The directives were immediate overhaul of the factory equipment, appointment of an environmental officer, among others. NCL's competitiveness has been greatly facilitated by a healthy liquidity position and a well managed value chain. The company is reported to have cash reserves that are in excess of Shs 5 billion. The cash reserves have, however, been under strain lately owing to the need for re-branding and increased marketing activities. This initiative started after government rolled out the prosperity for all (PFA) programme. Under the PFA programme, farmers are organized into cooperatives and supported to start foods and beverages industries throughout all districts. The idea is that every county should have a cooperative, and that every district should have a small scale foods and beverages industry. Through this PFA programme, big factories have been established in the four regions of Uganda with a mandate to produce confectioneries such as biscuits and bread, out of local agricultural produce. In addition, the factories are to produce substitute products such as banana and potato crisps. These products have significantly affected NCL's market share in Uganda, especially in the



rural areas. In order to ensure success for the PFA initiatives, Government has also introduced a 2% excise duty on imported confectioneries and confectionery products made out of imported raw materials. In line with the manifesto of the ruling political party, all national and local political leaders are required to promote the PFA programme. In order to remain afloat, NCL has decided to adopt market based strategies through market penetration and market development. The company still has high market share among the affluent people in Uganda, and has already expanded to the rest of the East African countries using the re-branded products. These new products are already being rigorously marketed in new markets in East Africa. NCL has also instituted a responsive research and development unit to meet changing customer needs. A recent market survey of the East African market indicated an increasing demand for the company's products. As part of the changes required to accommodate the new products, NCL shall implement a restructuring plan in an effort to remain profitable, with the staffing levels reducing to 40% of the current workforce. However, the loyal and trainable employees shall be retained and retrained to fit in the new roles. The company will also establish and maintain high quality control standards and practices that supersede expectations of the East African Community customers and authorities. NCL shall produce its **own packaging materials and even sell the excess to other manufacturers. Despite the opportunities** enshrined in the restructuring plan, most employees are upset by the proposed changes and have formed a grievances association (NCL aggrieved employees association). The employee morale is quite low with rumours that a sit down strike is imminent. Having failed to agree on a common approach to the challenges at hand, management at NCL has engaged you as a Strategic Management Consultant to review the current state of affairs and propose solutions.

**Required:**

- (i) Guided by a SWOT analysis, assess the current operating environment at NCL. **(15 marks)**
- (ii) Discuss the factors responsible for the employees' resistance to the proposed changes at NCL **(10 marks)**
- (iii) Discuss any five factors shaping the company's strategy **(15 marks)**

**Question two:**

- (a) Discuss the linkage between corporate objective & corporate strategy (5marks)
- (b) As an expert in business policy, examine the purpose of competitive analysis. (5marks)
- (c) Examine the procedure of environmental analysis (10 marks)

**Question three:**

- (a) Using applicable illustrations, Differentiate between business policy & strategic management (14 marks)
- (b) Using real examples, examine what makes some business firm more successful, and therefore more likely to survive and prosper, than others? (6marks)

**Question four:**

- (a) What is Industry analysis? (5marks)
- (b) Systematic assessment of whether a company's competitive position is strong or weak relative to close rivals is an essential step in company's situational analysis. Using clear example discuss the elements to single out for evaluation: (10marks)
- (c) Many people have argued that No business can survive without policies in place regardless of their limitations, assess the validity of this statement (5 marks)

**Question five:**

- (a) Decision making is seen as key to success of any manager as his or her achievements largely depend on the effectiveness of the decisions made. As a student of business policy, discuss any three different decision environment faced by managers in an organization (6 marks)
- (b) Examine the pitfalls associated with strategic planning (6 marks)
- (c) 'Different Businesses formulate policies, although all policies have distinctive features' in relation to the above statement, state and discuss the characteristics of Business policy (8 marks)

**Question six:**



(a) "For most companies, a close understanding of markets and its environment is a prerequisite for a success. Their Actions is rooted deeply in scanning, analyzing, understanding the market and allocating resources to accomplish their objectives, and positioning themselves against competitors." In relation to the above quotation, discuss with practical examples how Michael Porter fives forces could help any Company to position itself against competition. **[10 marks]**

(b) "If you are ignorant of both your competitors and yourself, then you are a fool and likely to be out competed in the markets. If you know yourself, but not your competitors then for every battle won, you will suffer a loss. But if you know your competitors and yourself, you will win every battle." In the light of the above quotation discuss why it is important for companies' to understand their competitors **[10 marks]**

**END**