

Uganda Martyrs University
Faculty of Business Administration and Management
Department: Management
Course: Bachelor of Business Administration
Course unit: Business Policy
Course code: 3102

End of Semester Examination
Year 2023/2024
Masaka, Mbale and Lubaga Evening Program: BAM 3:1

Date 15th December 2023

Time: 9:30-12:30 PM

Instructions;

1. Read the instructions on the cover of the answer book and the question paper.
2. Attempt FOUR questions, **Question one is Compulsory**
3. The number in brackets after each question, or part of a question, shows the marks allotted and candidates should apportion the time spent on each part accordingly.
4. Silent, non-programmable calculators may be used in this examination. Whether you use it or not, you must show your calculations.
5. Do not write on question paper
6. Credit will be given for use of relevant examples and illustrations
7. Mobile phone are not allowed

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: Using SWOT analysis, advice management of NCL on how to cope with the changing business environment **(25 marks)**

Question two:

[a] "Change, especially in the sense of improvement is at the heart of strategic management." In light of the above statement, what would be the key characteristics of good strategy without which no strategy can succeed? **(10 marks)**

[b] As a student who studied business policy you were approached by a group of youth who want to understand "Strategic Management Process" in business, discuss and demonstrates clearly the steps in strategic management process **(15 marks)**

Question three

[a] With practical examples, discuss the any five main challenges decision makers encounter while making important decisions **(10 marks)**

b] Examine the key drivers of success according to "Sides and Associates" in strategic decision-making **(15 marks)**

Question four

[a] With the use of example, explain the purpose of competitive analysis in business world today **(10 marks)**

[b] "Research and development is concerned with the creation of knowledge, the design of goods and services and the operation of production process. Survival and development of most of the competitive firms depend upon the successful research and development activities" as an expert in business policy, examine the corporate capabilities checklist in Research and Development **(15marks)**

Question five

[a] "Successful strategists take great pains in gathering competitive intelligence about competitors' strategies, monitoring their actions, sizing up their strengths and weaknesses, and using what they have learned to anticipate what moves rivals are likely to make next" as an expert in Business policy, discuss the needs for company to have competitors' analysis **(10 marks)**

[b] As a student who has mastered Business policy, demonstrate the key roles of a manager **(15 marks)**

Question six

[a] Using applicable illustration, describe the features of strategic vision and the process for formulating a vision as guided in business policy **(15 marks)**

[b] Its known that objectives play key roles in every business today, using local example discuss roles of objectives in business today **(10 marks)**

END