

Guidelines for evaluation of the exam papers in Strategic Management Autumn 2014 for the ordinary exam

STRATEGIC MANAGEMENT

Ordinary Exam - Elective Course – Winter 2014-15

Date: 21th, 10:00 Am – 23th, 10:00 Am, of January 2015

This exam question consists of 3 pages in total

Please note that the language used in your exam paper must correspond to the language of the title for which you registered during exam registration. I.e. if you registered for the English title of the course, you must write your exam paper in English. Likewise, if you registered for the Danish title of the course or if you registered for the English title which was followed by “eksamen på dansk” in brackets, you must write your exam paper in Danish.

If you are in doubt about which title you registered for, please see the print of your exam registration from the students’ self-service system.

The paper must be uploaded as one PDF document (including the standard cover and the appendices). The PDF document must be named with exam number only (e.g. ‘1234.pdf’) and uploaded to Absalon.

Focus on Exam Cheating

In case of presumed exam cheating, which is observed by either the examination registration of the respective study programmes, the invigilation or the course lecturer, the Head of Studies will make a preliminary inquiry into the matter, requesting a statement from the course lecturer and possibly the invigilation, too. Furthermore, the Head of Studies will interview the student. If the Head of Studies finds that there are reasonable grounds to suspect exam cheating, the issue will be reported to the Rector. In the course of the study and during examinations, the student is expected to conform to the rules and regulations governing academic integrity. Academic dishonesty includes falsification, plagiarism, failure to disclose information, and any other kind of misrepresentation of the student’s own performance and results or assisting another student herewith. For example failure to indicate sources in written assignments is regarded as failure to disclose information. Attempts to cheat at examinations are dealt with in the same manner as exam cheating which has been carried through. In case of exam cheating, the following sanctions may be imposed by the Rector:

- 1. A warning
- 2. Expulsion from the examination
- 3. Suspension from the University for at limited period or permanent expulsion.

Guidelines for evaluation of exam paper in Strategic Management

Autumn semester 2014 for the ordinary exam.

1. Analyse and discuss the attractiveness of The Airline Industry in North Western Europe. You can for instance apply the PESTEL & the Five Forces models and try to identify Critical Success Factors.
2. Identify and evaluate the resources and competences of SAS (Scandinavian Airline Systems). You can for instance apply the Value Chain for the identification and the VRIN or VRIO frameworks for the evaluation of the resources and competences.
3. Based on the findings within question 1 & 2 suggest an appropriate competitive strategy for SAS. You ought to discuss how the strategy would make the industry attractive for SAS, and build on linkages of SAS's value chain and on SAS's unique resources and competences. Further also discuss how this strategy might be attacked by competitors, distributors and customers, and how it may be defended by SAS.
4. Based on the findings within question 1 & 2 suggest an appropriate growth strategy that both argue for the growth direction of SAS (using the Ansoff's Growth Matrix) and the growth method of SAS (organic growth, strategic alliances and/or M&A).
5. Identify the different economic theories that the models in the above questions draw upon. Based on this discuss the different perceptions of the market, of the firm, of economic value creation and of human beings connected to the identified economic theories. Finally discuss the implication of this for the strategic models and the analyses that you have conducted in the first four questions above.

The questions account equally and must have equal attention. Your answer can be structured directly to the above 5 questions or it can be organized as a problem oriented essay. In answering these questions you do not need to describe or explain models, terms and theories from the course, but only to apply them on the case. The total length of the exam paper is 10 pages.

You are welcome to make use of the below links and you are encourage to visit SAS's homepage and search for more information about the company and the industry. However you are not allowed to contact SAS directly or make use of any non-public information that you may be in position of.

Links to SAS's homepage: <http://www.sasgroup.net/SASGroup/default.asp>

Other links: <http://www.staralliance.com/en/press/>

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Air_transport_statistics

In answering the first question it is important to structure the selected relevant data concerning variables that have a significant future impact on the airline industry accounting to the PESTEL framework. For the 3-4 most important variable it is important to argue how they most likely will develop and influence the airline industry in general. For instance it could be issues like regulation/legislation, fuel prices, rent, consumer behaviour etc. The maximum length of this would be 1 page.

Furthermore in answering the first question it is important to look at the airline industry in the north part of Europe and based on the variable and sub variable of Michael Porters Five Forces model to argue how attractive the industry is in general for the next 3-5 years, how each of the five forces will develop and if there are certain sub variable that the specific airline company SAS can build advantages on. The industry will be semi attractive for the old full service providers in the next years. It is a much regulated industry and the bargain power of both suppliers and customers are increasing as well as the intensity of the rivalry is increasing. However the industry is expected to be growing over the next years. The possibility of build in switching cost for the customers and the possibility of differentiation through service and the network of routes are grounds for competitive advantages for the future.

The last part of answering question 1 is connected to identify the Critical Success Factors that is most important for the customers. This can be related to how for instance SAS's customers evaluate SAS's performance compared with how they evaluate SAS's nearest competitors' performance.

Answering the second question it is important to identify the main types of activities within the value chain of SAS. Also an evaluation if SAS have unique resources and competences connected to any of its value chain activities. One can argue that SAS perhaps do not have any unique resources and competences however the SAS brand is a unique resource as well as the bonus system for the customers. Also the Star Alliance and SAS's own network of routes are unique in the sense that it is protected by contract for a number of years. It is obvious that SAS is in need of core competences which can lead to competitive advantages and over normal profit performance. In doing the VRIO analyse it is important that the identified resources and competences is send systematically through the VRIO framework. The very good analysis would also through the VRIO analyses point to the resources and competences that SAS is missing.

Answering the third question, SAS will due to its economic situation have to focus primary on the Scandinavia and North European market as its main market. In this sense it is a focused strategy. Concerning the rate of uniqueness of the services one can argue that SAS is a full service provider in a very competitive market and therefore the only competitive strategy to follow is a combination of a differentiation strategy and a Hybrid Strategy. SAS do not have the structure, scale and competences to follow a cost leadership strategy and it have to justify its price premium compared with the low cost carries (LCC's) as for instance Norwegian and Ryanair. In applying Porters Generic Strategies or Bowman's Strategy Clock one have to argue that SAS has to build on its network of routes, its brand, its bonus system and its services in taking up the competition toward

the LLC's. SAS will most likely be attacked on prices from the LLC's and they have to answer these attack through better and higher perceived service to the customers.

In answering question four the idea is to draw on Ansoff's Growth model in order to determine the direction of growth. Given the resources of SAS the primary strategy would be to protect and build market shares. The method of growth would be organic growth or to be bought by one of the other full service providers. SAS have already applied the possibilities of strategic alliance through the Star Alliance and do not have the resources to buy other companies.

In answering the fifth question one first needs to recognize that in answering the above four questions one has been drawing on Porter's Five Forces model, The VRIO model and Ansoff's Growth model. The Five Forces model draws on the Neoclassical Theory, The VRIO model draws on the Resource Based View and Ansoff's Growth Matrix and the different method for growth draws on the Transaction Cost Theory. These theories differ in their way of viewing the market, the firm, economic value creation and in the goals and abilities of human beings (decision making). As a consequence the models have a number of restrictions based on their assumptions on these issues.

STATEMENT OF AIMS OF THE COURSE IN STRATEGIC MANAGEMENT

In order to acquire the mark 12 within the course Strategic Management the student must demonstrate:

- *Knowledge about and understanding of* relevant terms, concepts, models, processes and perspectives within the field of strategic management and be able to relate these to different perspectives on economic theory and value creation.
- An ability to *identify and solve strategic problems* within organizations and industries by applying relevant terms, concepts, models, processes and perspectives from the discipline of strategic management on either cases or real organizations.
- An ability to *discuss and evaluate* the strength and weakness of the applied terms, concepts, models, processes and perspectives within the field of strategic management in relation to the behind economic theories.
- An ability to within the written exam case to identify and qualify strategic problems, argue for relevant use of models and their practical and theoretical implication, shortly present an organisation or an industry, conduct a couple of strategic analysis and put forward strategic solutions or identify possible strategic developments.
- An ability to write about organisations and there environment within a clear and accurate language that makes use of relevant terms and concept from the field of strategic management and economic theory.