

**INSTITUTE OF BANKERS IN MALAWI**

**ADVANCED DIPLOMA IN BANKING EXAMINATION**

**SUBJECT: STRATEGIC MANAGEMENT (IOBM – AD313)**

**Date: Tuesday, 5th May 2015**

**Time Allocated: 3 hours (08:00 – 11:00 am)**

**INSTRUCTIONS TO CANDIDATES**

1 This paper consists of **TWO** Sections, A and B.

2 Section A consists of 4 questions, each question carries 15 marks.

Answer **ALL** questions.

3 Section B consists of 4 questions, each question carries 20 marks. Answer **ANY TWO** questions.

4 You will be allowed **10 minutes** to go through the paper before the start of the examination, you may write on this paper but not in the answer book.

5 Begin each answer on a new page.

6 **Please write your examination number on each answer book used. Answer sheets without examination numbers will not be marked.**

7 All persons writing examinations without payment will risk expulsion from the Institute.

8 If you are caught cheating, you will be automatically disqualified in all subjects seated this semester.

9 DO NOT open this question paper until instructed to do so.

**SECTION A (60 MARKS)**

Answer **ALL** questions from this section.

**QUESTION 1**

1. Explain **three** reasons why planning is an important element in the strategic management process. (*9 marks)*
2. Mention **three** pitfalls you are likely to face in strategic planning process. *(9 marks)*

**(Total 15 marks)**

**QUESTION 2**

1. Strategic planning involves intricate and complex process that takes an organization into unchartered territory. It does not provide a ready-to use prescription for success; instead, it takes the organization through a journey and offers a frame work for addressing questions and solving problems. Being aware of potential pitfalls and being prepared to address them is essential to success

State **five** pitfalls to watch for and avoid in strategic planning. *(10 marks)*

1. A key role of strategists is to facilitate continuous organizational learning and change. Explain two important guidelines for effective strategic management that were offered by R.T.Lenz. *(4 marks)*

1. State **one** major importance of strategic management. *(1 mark)*

**(Total 15 marks)**

**QUESTION 3**

Strategic planning encompasses three main processes that include the strategic analysis, strategic choice and strategic implementation.

Briefly explain **five** criticisms of strategic planning in practice. **(Total** **15 marks)**

**QUESTION 4**

The Bank requires an effective evaluation system for proper evaluation of the strategic implementation process.

1. State **three** characteristics of an effective evaluation system. *(9 marks)*
2. State **two** main reasons why strategy evaluation has become so significant in today’s banking business. *(6 marks)*

**(Total 15 marks)**

**SECTION B** **(40 MARKS)**

Answer **ANY TWO** questions from this section.

**QUESTION 5**

**Five** main issues for strategic managers have been suggested in relation to the strategy in the future. Briefly discuss the main issues in detail and give examples where necessary.

**(Total 20 marks)**

**QUESTION 6**

1. Define the following terms in relation to business strategies and strategic choice.
2. Divestiture *(2 marks)*
3. Liquidation *(2 marks)*
4. Outsourcing *(2 marks)*
5. Merger and acquisition are two commonly used ways to pursue strategies.

Give **one** major difference and similarity between the two. *(6 marks)*

1. A general market consolidation is occurring in many industries, especially banking, insurance, defense, and healthcare, but also in pharmaceuticals, food, airlines, accounting, publishing, computers, retailing, financial services and biotechnology. There are many reasons for mergers and acquisitions. Mention any **four** of them. *(8 marks)*

**(Total 20 marks)**

**QUESTION 7**

With the economic outlook as miserable as the Chipeloni weather, even those with strong careers are becoming more fearful of what the future may hold. In one of the management meeting, your CEO says, “maintaining staff morale is a tough task for you managers. It can however be achieved and the key is to be specific in outlining how the future might be better”.

You are the Head of Human Resources and you have been asked by the CEO to deliver a presentation in the next management meeting outlining what managers can do to motivate and improve staff morale in the current economic conditions, given that it is not possible to receive increases in salaries and bonuses. You are required to prepare the presentation discussing what strategies managers should implement to motivate their staff in the downturn. **(Total 20 marks)**

**QUESTION 8**

The Strategic Business Manager who is seeking to develop an edge over rival firms can use Porter’s framework to gain a better understanding of the industry context in which a firm operates.

1. With relevant examples, explain **five** benefits and **five** limitations of the model

*(10 marks)*

1. You are a manager of Development Bank, one of the leading banks in the country. The bank has been experiencing stiff competition due to your staff’s resistance to change. Explain four factors that cause employees to resist change and how you can approach such factors in order to manage its effects and gain the support of your staff. *(10 marks)*

**(Total 20 marks)**

**END OF THE EXAMINATION PAPER**