



MUEO

MOI UNIVERSITY

**OFFICE OF THE DEPUTY VICE CHANCELLOR, ACADEMIC
AFFAIRS, RESEARCH & EXTENSION**

**UNIVERSITY EXAMINATIONS
2013/2014 ACADEMIC YEAR**

FORTH YEAR END OF SEMESTER I/II EXAMINATIONS

**FOR THE DEGREE OF
BACHELOR OF BUSINESS MANAGEMENT**

EXAM CODE:- BBM 472

COURSE TITLE:- BUSINESS POLICY & STRATEGY

DATE:- 17TH FEBRUARY, 2014 TIME:- 9.00A.M. - 12.00 NOON.

INSTRUCTION TO CANDIDATES

➤ **SEE INSIDE.**

THIS PAPER CONSISTS OF (2) PRINTED PAGES

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BBM 472: BUSINESS POLICY AND STRATEGY

Instructions: Answer Question ONE and any other THREE Questions

CASE: TATA MOTORS TO ROLL OUT NANO CAR

The world's cheapest car, the widely awaited Nano, will be launched on 23 – 03 – 09. Tata motors will display the Nano at dealership from the first week of April, 09 and will accept bookings from the second week of April, 09. The launch of Nano whose potential to revolutionize the automobile industry has been widely acknowledged in India and abroad, will be one of the bright spots in a bleak landscape for the global automobile industry. Sales have plunged by double-digit percentages, or worse, in market across the world from US to China. In India, Nano's entry might lead to growth in the domestic market.

The car may also find a niche abroad; cash-strapped consumers are likely to look for bargains. In 2008, Tata Motors displayed the Nano at the Geneva Motor show and plans to present the European version at the show in March, 2009. It plans to sell Nano in Europe at 5000 Euros. Tata Motors will roll out 60,000 – 80,000 units of the Nano from another plant in Pantnagar in Uttarkhper year. Tata Motors has begun aggressively gearing up its distribution network to sell a car, which will primarily focus on semi-urban and rural areas. It is learnt that Tata Motors Finance is working on various packages through SBI and HDFC Bank, to offer competitive interest rates.

Dealer of Tata Motors said that company might take full payment for booking. Sona Koyo steering systems executive chairman said. "Nano is the most awaited car, and, therefore, its launch is welcomed by the world".

Question One: Compulsory [25 marks]

- i. Why should a company carry out environmental scanning analysis as a basis for considering its strategic choices? **[5marks]**
- ii. In deciding on the organization's direction, carry out an Environment Analysis for Tata Motors. **[15marks]**
- iii. With the launch of Nano Car, will Tata Motors have Sustainable Competitive Advantage (SCA)? Justify your answer. **[5marks]**

Question Two [15 marks]

- i. What do you mean by Strategic Management? Explain the stages of the framework of strategic management. **[5marks]**
- ii. Within the corporate identity statement of the energy multinational company CHEVRON, what it is called "The Chevron Way", identify which part corresponds to its mission, which one fits the idea of vision, and finally its core values. Justify your answer.
 - a) We are an international company providing energy and chemical products vital to the growth of the world's economies.
 - b) Our primary objective is to exceed the financial performance of our strongest competitors. Our goal is to be No. 1 among our competitors in total Stockholder Return. We will balance long term growth and short term results in the pursuit of this objective.
 - c) Our approach to the business is based on:
 - Committed team
 - Total Quality Management
 - Protecting People and the Environment

[10marks]

Question Three[15 marks]

- i. Describe the five forces model of analyzing the competitive industry. [10marks]
- ii. How are digital technologies and the internet affecting the five competitive forces? [5 marks]

Question Four[15 marks]

- i. Why is globalization becoming an element of strategy which companies need to consider today? What are the major forces behind globalization? [10marks]
- ii. Discuss the three major issues which a company would need to consider before embarking on a globalization strategy. [5marks]

Question Five[15 marks]

- a) Citing examples, write short notes on the following:
 - i. Cost leadership strategy. [3marks]
 - ii. Differentiation strategy. [3marks]
 - iii. Differentiation focus. [3marks]
 - iv. Cost Focus. [3marks]
- b) Explain three reasons why companies form strategic alliances [3 marks]

Question Six[15 marks]

- i. Discuss in detail the various types of strategies? [8marks]
- ii. Describe the “Driving Forces of Change” that must be assessed as they relate to the “Market Growth-Market Share” Matrix to determine if the strategic assumptions of the matrix are likely to continue over time. [7marks]

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