

**INSTITUTE OF BANKERS IN MALAWI**

**ADVANCE DIPLOMA IN BANKING EXAMINATION**

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

**Date: Tuesday, 15th May 2018**

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

**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 books 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**

You have recently been employed by one of the fastest growing banks in Malawi as a strategy advisor. Your main role involves researching the competitive dynamics of the industry and advising the Bank on the nature of the competition and whether expansion is a viable option or not.

**Required**

Using Porter’s **five** forces framework**,** evaluatethe use of the model as a method for evaluating the intensity of competition in the banking industry, giving examples to support your answer.

**(Total 15 marks)**

**QUESTION 2**

“A key factor for effective strategy implementation is the quality of strategic leadershipat the top of the organisation” (Henry, 2011, p. 353).

**Required**

Critically evaluatethis statement drawing on the theory and practical case examples to enhance your answer.

**(Total 15 marks)**

**QUESTION 3**

Leadership the ability to handle people in a manner that they give their best for the effective and efficient implementation of the organization strategy.

**Required**

1. Comment on the statement with respect to how leaders should handle colleagues at workplace. *(5 marks*)
2. Discussthe motivational approaches that the top management team needs to address in order to make their workplace more appealing and spur employee commitment in the strategy execution process. *(10 marks)*

**(Total 15 marks)**

**QUESTION 4**

“In this new wave of technology, innovation and change is important if you are to survive competition”. You have just been appointed a Managing Director of Ultimate Choice Bank. The bank has been experiencing stiff resistance from employees every time it has adopted new technology and innovations. The Board has requested you to prepare a report to be presented to board on the action you are going to undertake to overcome the stiff resistance.

**Required**

1. Highlight **five** steps you would include in your report on the course of action you would undertake to manage change in your bank in order to gain acceptance from employees. *(5 marks)*
2. What challenges do you anticipate in the implementation of your proposal and how you will overcome such challenges *(10 marks)*

**(Total 15 marks)**

**SECTION B (40 MARKS)**

Answer ANY **TWO** questions from this section

**QUESTION 5**

You have been hired as a consultant for Greenland Bank to find out the reasons behind the bank’s poor showing in a market where other banks are registering success. Although the bank has been investing a lot of resources in the strategic plan over the years to reverse the trend, it hasn’t registered any significant improvement. In your investigation, you have observed that the bank has not been paying attention to the basic principles of strategic planning when it was formulating its strategic plan.

**Required**

1. Advise management **five** principles the bank should follow when formulating the bank’s strategic plan in order to realise its benefits. *(10 marks)*
2. With relevant examples, briefly **explain** how strategic planning can be a useful way of getting managers to coordinate and participate in decision making about appropriate goals and strategies for an organisation. *(10 marks)*  **(Total 20 marks)**

**QUESTION 6**

It is acknowledged that the key element of any bank’s strategy is its overall mission statement. Midland Group Limited owns several companies in 12 different countries in Africa. The company intends to diversify its area of investments into banking, and has therefore decided to open its first bank in Malawi. The new bank will be called People’s Trust Bank. However, management is undecided on whether it should adopt the parent company’s mission statement or it should develop a new mission statement for the bank. Management has requested you to prepare a report to be presented to the Board. In your report:

**Required**

1. Advise the Board the importance of the new bank having its own mission statement rather than adopting the parent company’s mission statement.

(*10 marks)*

1. Convince the Board why the bank should actively involve its Human Resources Manager when it will be formulating the new bank’s strategy. *(10 marks)*

**(Total 20 marks)**

**QUESTION 7**

“Strategies most often fail because they aren’t executed well.”(Thompson, Peteraf, Gamble and Strickland. 2012, p.374.)

**Required**

Discussthe critical components of the strategy execution process.

**(Total 20 marks)**

**QUESTION 8**

In today’s competitive environment, it is very important for an organisation to monitor its external environment.

**Required**

Select **two**appropriate environmental assessments models and indicate, using examples, how these might be applied in the process of developing a competitive strategy.

**(Total 20 marks)**

**END OF EXAMINATION PAPER**