

**College of Administrative and Financial Sciences**

**Assignment 1- Strategic Management**

**(MGT 401)**

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| Course Name:**Strategic Management** | Student’s Name: |
| Course Code: **MGT 401** | Student’s ID Number: |
| Semester: **I** | CRN: |
| Academic Year: **2019/2020** |

**For Instructor’s Use only**

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| Instructor’s Name: |
| Students’ Grade:  | Level of Marks: High/Middle/Low |

**Instructions for the three assignments – PLEASE READ THEM CAREFULLY**

* The Assignment must be submitted on Blackboard (**WORD format only**) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. This includes filling your information on the cover page.
* Students must mention question number clearly in their answer.
* Late submission will NOT be accepted.
* Avoid plagiarism, the work should be in your own words, copying from students or other resources without proper referencing will result in ZERO marks. No exceptions.
* All answered must be typed using**Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism).
* Submissions without this cover page will NOT be accepted.

Assignment Answers

**Question 1**

**Answer:**

**The selected company is Amazon. It is an e-commerce company that operates internationally offering online computing, retail, digital content and consumer electronics. It also offers local services which include groceries and daily deals. The main headquarters of Amazon is located in Crystal City, Virginia. It is among the big four American technology companies and a global leader in the provision of a cloud computing platform in the e-commerce industry (Amazon, 2018). In terms of its size, its warehouses, retail stores, offices and data centers are housed in 288 million square feet.**

**The institution has experienced diverse growth in the past few years owing to its quality products, easy to use the website, affordable products, and services and overall customer satisfaction. Initially, Amazon involved itself in selling books but today, the institution has involved itself in numerous activities such as logistics, data storage, payments, hardware, and media ensuring that it serves these and other industries. Online shoppers and merchants find it an appropriate platform compared to other similar companies. The total number of US subscribers is 85 million and the number will continue to grow in the future. The number of subscribers indicates that more than two-thirds of the American population has directly or indirectly interacted with the institution**

**Question 2**

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| --- | --- |
| **Opportunities** | **Threats** |
| **-Amazon has the opportunity to penetrate and expand its presence in the developing markets.****-There is an opportunity for Amazon to expand its partnership with more global firms that would enable it to reach more regions in the world.** | **-Competition from other non-online and online firms.****-Cyberspace crime.****-Other companies imitating its products and business model.**   |
| **Strengths** | **Weaknesses** |
| -The company has a strong brand.-Amazon has diversified its business operations.-There is high capability for the company to increase its technological advancement mainly in its online services to ensure smooth operations by various stakeholders and clients. | -The company has a limited penetrating to the major developing markets.- Its business model is imitable.-The limited brick-and-mortar presence makes it challenging for the company to expand its operations to the non-online marketplace. |

**Question 3**

**Answer:**

**Amazon enhances CSR (Corporate Social Responsibility) and over the years, the company has managed to satisfy its various stakeholders whose main role is to support its growth and expansion in the e-commerce sector. Stakeholders are directly or indirectly involved with the activities carried out by the institution and they correlate with the company for smooth operations to be conducted. Different partners have varying interests as they consider the company’s global reach as an opportunity to gain profits in their operations (Pearson et al., 2019). A comprehensive CSR strategy enables Amazon to address the interest of partners and stakeholders so that their expectations are met and the organization continues to experience its global presence (**Wheelen et al., 2014)**.**

**Amazon’s CSR programs focus on addressing and satisfying the interests of customers, employees and communities and these groups have a great impact on the corporation’s competitive advantage. The highlighted groups are discussed according to their significance to the company.**

***Customers***

 **This group is given the highest priority. Customers determine the e-commerce industry's success since they are the end-users of products and services offered through the platform. Amazon’s vision and mission statements highlighted the importance of considering the customer’s interest before other stakeholders because they highly affect the overall revenue. The customer’s main interests are online security, fair pricing, and service convenience. To achieve these, the corporation emphasizes on technology and service to ensure that appropriate pricing strategies are applied and that the online platform and secure and operational whenever the customer interacts with it. Fair prices make individuals choose to transact business with amazon creating a competitive advantage over other e-commerce companies.**

***Employees***

 **The group is an essential determinant of the institution’s performance. These individuals are interested in career development and competitive compensation for the tasks they are involved in for the benefit of the organization. They support the organizational culture making sure that it unique compared to their competitors. The executive readily receives new ideas from the workforce which are analyzed and incorporated into the operations. For instance, the IT personnel is highly compensated since they are in charge of maintaining and developing the technology which supports e-commerce operations.**

***Communities***

 **Amazon has continuously maintained a CSR program for different communities. The stakeholders are essential in influencing customer’s perception of the services and products offered. Their main interest includes developmental support in healthcare, education and the conservation of the environment (**Buhrmester,Talaifar,& Gosling, 2018)**. The organization has managed to address the interest through their support arm known as Amazon Smile which engages itself in charitable programs.**

**Question 4**

**Answer:**

**The company is aware of the power that buyers and supplier have and their significance in business operations. For instance, the suppliers can manage to hike their prices based on their number in the market and the quality of the products and services offered. To counter any price increment, the organization has managed to work with a few loyal suppliers who understand the pricing strategies used. This ensures that both parties gain from products offered on the platform. Conversely, buyers have the potential of driving the prices down (**Öneren,Arar, & Yurdakul, 2017)**. This is mainly governed by the importance of every buyer to the company and their number in the market. With several powerful buyers, the company has managed to dictate its pricing terms.**

**To counter the rivalry from competitors, the company ensures that its product is of quality standards and the prices fit the majority of the customers. The barrier to entry in a new market is brought about by existing firms that tend to offer cheap and below standards products. Amazon has managed to introduce new standard commodities in these markets which enable it to counter these forces.**

**Question 5**

**Answer:**

**Amazon’s product development has enabled it to stand on a competitive advantage. This happens through the introduction of new products in the market. Customers interested in these commodities are willing to make purchases for them to experience a change.**

**References**

Amazon, E. C. (2018). Amazon ec2. *línea]. Available: https://aws. amazon. com/es/ec2*.

Buhrmester, M. D., Talaifar, S., & Gosling, S. D. (2018). An evaluation of Amazon’s Mechanical Turk, its rapid rise, and its effective use. *Perspectives on Psychological Science*, *13*(2), 149-154.

ÖNEREN, M., ARAR, T., & YURDAKUL, G. (2017). Developing competitive strategies based on SWOT analysis in Porter’s five forces model by DANP. *Journal Of Business Research-Turk*, *9*(2), 511-528.

Pearson, Z., Ellingrod, S., Billo, E., & McSweeney, K. (2019). Corporate social responsibility and the reproduction of (neo) colonialism in the Ecuadorian Amazon. *The Extractive Industries and Society*, *6*(3), 881-888.

Wheelen, T. L., Hunger, D., Hoffman, A. N., & Bamford, C. E. (2014). Concepts in strategic management and business policy (14th ed.). Upper Saddle River, NJ: Prentice Hall. ISBN-13: 9780133126129 (print), 9780133126433 (e-text)