KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2017/2018

FIRST SEMESTER EXAMINATION FOR THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

BBA 862: STRATEGIC MANAGEMENT SEMINAR

DATE: Friday, 1st December 2017 **TIME:** 2.00 p.m. - 5.00 p.m.

INSTRUCTIONS:

Answer question ONE and any other THREE questions

QUESTION ONE

CASE STUDY

The video game industry is a product of the information and communications revolution and a new way of satisfying the desire for entertainment. During the 1990s the industry developed quickly and was profitable for the successful players. There are two elements in the delivery of video games, the hardware and the software. The hardware consists of the machines, platforms or consoles needed to deliver the games. The software consists of the games themselves. It is possible to specialize in one or the other, or try to do both well. Success in one may encourage success in the other. Not all players have been consistently successful, the successful players having changed over time. During most of the 1990s Nintendo and Sega were the leading players, outcompeting the American and European players such as Atari, 3DO or Philips Electronics. In the mid-1990s, Sony entered the industry as a major player and in 2001–02 came Microsoft's decisive move into the industry. The competitive position in the industry has changed rapidly and will be subject to further changes in the future. For example, in 2001 Sega ceased to produce games consoles and became solely a producer of the games. It is possible to configure the hardware so that it will accept only certain software, namely those games which are produced by or for the company which sells the platform. There are therefore strong network effects which protect the incumbent console providers who already have a good list of games. This reduces the competitiveness of any new entrant to the industry. However, it is not difficult for skilled hackers to succeed in breaking this link, and in at least one country such activity has been deemed legal. This is one of the most competitive industries in the world economy, whether the console or the video game itself is considered. There is competition on both the hardware and software sides, competition which has been, and still is, very fierce. The industry is currently going through a period of particularly intense competition as a new generation of consoles have been introduced. How difficult is entry into the industry? The ease of entry differs between the hardware and software sides, with different barriers for the two areas. The hardware is subject to rapid technical change which affects the nature of the platform and the mechanism for delivery. New platforms are expensive to develop, requiring a major investment of resources, and are introduced only intermittently. There are only three hardware players. It is difficult to develop a pool of attractive games to go with a completely new console. New consoles are at a disadvantage in lacking such a pool of existing games, since consoles are sometimes configured to allow the playing of the games made for previous generations. For example, games made for PlayStation 1 can be played on PlayStation 2. On the other hand, the software requires creative and imaginative ability which is always in scarce supply. However, there are a large number of games makers, both attached to the console makers and independent. It is much easier to build upon an existing foundation, upgrading already popular games and redeploying existing characters, than it is to create games from nothing. Alliances with creative individuals or companies is critical to success. These have to be created from nothing by newcomers. Demand for either console or games is price elastic. Price does matter to consumers, especially price relative to that of competitors' products. A price premium can be charged for superior technology or a strong games link, but serious price competition is not infrequent. Why would an enterprise, such as Sony or Microsoft, wish to enter such an industry? The obvious answer is that for the most part the industry has been immensely profitable, with some exceptional periods, such as 1994/5 or 2001 when demand fell precipitously. Sony's PlayStation currently generates about 60% of the company's profits, and at times this share has exceeded 100%. The industry is surprisingly large. In 2002 games sales reached US$17.5 million and console sales US$8.7 million. The games industry is now generating almost as much revenue as the box-office receipts from films and rapidly catching up with the value of sales of music CDs. Only the sales of DVDs and videos are growing as fast. In 2002 as many as 45 million consoles were sold. The market grew on average at a rate of 10% per annum in 2001. During the rest of the current cycle, the growth rate is expected to be as high as 15–25%. In North America nearly two-thirds of children aged 6–14 now play video games. This proportion would be repeated in other parts of the world if the children had access to consoles or the purchasing power to give them that access. The rewards for a successful competitor are large. Even where the coverage amongst children is already high, there is great potential for the development of the market, particularly the segments accounted for by adults and women. The demographic profile of the typical games player in the USA is changing. More than 60% of players are now adult, and more than 40% female. The average age is already 28, which explains why the mature-rated game Grand Theft Auto: Vice City, launched in October 2002, turned out to be the fastest selling game ever, with 1.4 million copies sold in the USA alone during its first three days on the market. An ability to anticipate the changing nature of demand is a significant competitive advantage.

Required:

i) With reference to the above and using the postulates of Michael Porter's five forces Model, discuss how the Video Game is applicable in the competitive industry.

(15 marks)

barriers for the two areas. The hardware is subject to rapid technical change which affects the nature of the platform and the mechanism for delivery. New platforms are expensive to develop, requiring a major investment of resources, and are introduced only intermittently. There are only three hardware players. It is difficult to develop a pool of attractive games to go with a completely new console. New consoles are at a disadvantage in lacking such a pool of existing games, since consoles are sometimes configured to allow the playing of the games made for previous generations. For example, games made for PlayStation 1 can be played on PlayStation 2. On the other hand, the software requires creative and imaginative ability which is always in scarce supply. However, there are a large number of games makers, both attached to the console makers and independent. It is much easier to build upon an existing foundation, upgrading already popular games and redeploying existing characters, than it is to create games from nothing. Alliances with creative individuals or companies is critical to success. These have to be created from nothing by newcomers. Demand for either console or games is price elastic. Price does matter to consumers, especially price relative to that of competitors' products. A price premium can be charged for superior technology or a strong games link, but serious price competition is not infrequent. Why would an enterprise, such as Sony or Microsoft, wish to enter such an industry? The obvious answer is that for the most part the industry has been immensely profitable, with some exceptional periods, such as 1994/5 or 2001 when demand fell precipitously. Sony's PlayStation currently generates about 60% of the company's profits, and at times this share has exceeded 100%. The industry is surprisingly large. In 2002 games sales reached US$17.5 million and console sales US$8.7 million. The games industry is now generating almost as much revenue as the box-office receipts from films and rapidly catching up with the value of sales of music CDs. Only the sales of DVDs and videos are growing as fast. In 2002 as many as 45 million consoles were sold. The market grew on average at a rate of 10% per annum in 2001. During the rest of the current cycle, the growth rate is expected to be as high as 15–25%. In North America nearly two-thirds of children aged 6–14 now play video games. This proportion would be repeated in other parts of the world if the children had access to consoles or the purchasing power to give them that access. The rewards for a successful competitor are large. Even where the coverage amongst children is already high, there is great potential for the development of the market, particularly the segments accounted for by adults and women. The demographic profile of the typical games player in the USA is changing. More than 60% of players are now adult, and more than 40% female. The average age is already 28, which explains why the mature-rated game Grand Theft Auto: Vice City, launched in October 2002, turned out to be the fastest selling game ever, with 1.4 million copies sold in the USA alone during its first three days on the market. An ability to anticipate the changing nature of demand is a significant competitive advantage.

Required:

i) With reference to the above and using the postulates of Michael Porter's five forces Model, discuss how the Video Game is applicable in the competitive industry.

(15 marks)

ii) The Balanced Score Card approach has been adopted as an essential tool for addressing performance in strategic oriented organizations. As a strategic management expert, advise the managers of the Video Game on how they can use BSC to address firm performance. **(15 marks)**

QUESTION TWO

i. Institutional Theory considers the processes by which structures including schemas, rules, norms and routines become established as authoritative guidelines for social behaviour. It enquires into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. Briefly discuss the main arguments for the Institutional Theory and its contribution to choice of strategy in firms **(6 Marks)**

ii. Explain the following terms as used in strategic management: **(4 marks)**

a) Learning organization

b) Organizational learning

QUESTION THREE

i) Public institutions as well as private corporations need to formulate strategies for their organizations. What different issues must a manager in a public institution deal with when formulating various strategies? **(5 marks)**

ii) Discuss the approaches to stakeholder management theory and how they can be used to attain competitive advantage in an organization that would want to be remain strategically relevant. **(5 marks)**

QUESTION FOUR

i) Strategy implementation requires a firm to establish annual objectives, devise policies, motivate employees and allocate resources so that formulated strategies can be executed. With relevant examples, describe at least **FIVE** common areas in public and private sectors that lead to adoption of strategic management. **(5 marks)**

ii) Various authors use different terms and definitions to describe knowledge processes. Discuss the **FIVE** basic knowledge processes have been adopted and show how organizations can apply them to outdo competitors. **(5 marks)**

ii) The Balanced Score Card approach has been adopted as an essential tool for addressing performance in strategic oriented organizations. As a strategic management expert, advise the managers of the Video Game on how they can use BSC to address firm performance. **(15 marks)**

QUESTION TWO

i. Institutional Theory considers the processes by which structures including schemas, rules, norms and routines become established as authoritative guidelines for social behaviour. It enquires into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. Briefly discuss the main arguments for the Institutional Theory and its contribution to choice of strategy in firms **(6 Marks)**

ii. Explain the following terms as used in strategic management: **(4 marks)**

a) Learning organization
b) Organizational learning

QUESTION THREE

i) Public institutions as well as private corporations need to formulate strategies for their organizations. What different issues must a manager in a public institution deal with when formulating various strategies? **(5 marks)**

ii) Discuss the approaches to stakeholder management theory and how they can be used to attain competitive advantage in an organization that would want to be remain strategically relevant. **(5 marks)**

QUESTION FOUR

i) Strategy implementation requires a firm to establish annual objectives, devise policies, motivate employees and allocate resources so that formulated strategies can be executed. With relevant examples, describe at least **FIVE** common areas in public and private sectors that lead to adoption of strategic management. **(5 marks)**

ii) Various authors use different terms and definitions to describe knowledge processes. Discuss the **FIVE** basic knowledge processes have been adopted and show how organizations can apply them to outdo competitors. **(5 marks)**

QUESTION FIVE

i) Managers use organizational culture as a strategic control when they develop and nurture values that support employees in achieving the organization's objectives. Identify **FIVE** critical components of corporate culture and explain how they contribute to strategy implementation in organizations. **(5 marks)**

ii) The Resource-Based View of the firm is an emerging strategic management theory of firm that explains the differences in firm prosperity that cannot be attributed to differences in industry conditions alone and it also exposes the resource conditions that underlie competitive advantage. Discuss the main arguments of the Resource Based View of the firm and clearly show how they complement those of the Resource Dependence Perspective. **(5 marks)**

KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2017/2018

FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE

BBA 401: COMPANY LAW

DATE: Monday, 5th February, 2018 TIME: 4.30 p.m. - 6.30 p.m.

INSTRUCTIONS:

Answer **THREE** questions. Question **ONE** is **Compulsory**.

Question 1

a) "A joint stock company is an artificial person created by Law with a perpetual succession and a common seal". Discuss. (10 marks)

b) What is corporate veil? When is it pierced? (10 marks)

c) Describe the procedure for effecting the conversion of a private company into a public company. How does a private company differ from a public company? (10 marks)

Question 2

a) What are the main points of distinction between the Memorandum of Association and the Articles of Association of a company? (10 marks)

b) How Articles of Association can be altered? Discuss the limit upon the powers of a company to alter or add to the Articles of Association. (10 marks)

Question 3

a) "Directors are the persons to whom management of a company is entrusted". Discuss. Also discuss the methods of appointment of company directors. (10 marks)

b) Discuss the process for convening meetings in a company and how the meetings are conducted? (10 marks)

Question 4

a) Under what circumstances a company may pass an ordinary resolution to alter the capital clause of its memorandum of association? (10 marks)

b) Discuss the various grounds on which a company may be wound up by the court. Also discuss the effects of a compulsory winding-up order. (10 marks)

*INVOLVEMENT IN ANY **EXAMINATION IRREGULARITY** SHALL LEAD TO **DISCONTINUATION***