KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

BBA 823: STRATEGIC MANAGEMENT

DATE: Thursday, 11th May 2017 **TIME: 2.00p.m-5.00p.m**

INSTRUCTIONS

Answer Question one and any other three

Time: 3hours

Question One

KENTICA COMPANY LTD

Kentica Ltd is a specialist of synthetic products and has enjoyed being the market leader for its longstanding quality Products. For the last five years, the company has had a steady growth in regards to profits levels. Indeed the company profit grew from 12 billion dollars in 2008 to 22 billion dollars in 2013. However, with the entry of Kandel Ltd in the Industry, the market share of Kentica Ltd fell drastically leading to sharp decline in profits from 22 billion dollars in 2013 to 8 billion dollars in 2016. The success of Kandel Ltd lay behind cost leadership and differentiation strategies.

The board of directors of Kentica Ltd gave Mr. Cogel the CEO of the company an ultimatum of one year to completely change the company's position to its status in 2013. However, Mr. Cogel felt that the ultimatum was based on unrealistic targets and as such he tendered his resignation with immediate effect. By the end of year 2014 the company's financial statements revealed a net loss of a half a billion dollars. The issues prevailing in Kentica Limited gave Kandel a better chance of even featuring more in the industry and increasing its market share.

The Board of Directors resolved to accept the CEO's resignation in early 2014 and have the position of the CEO advertised in order to recruit externally. The board's decision made the company loose its market share even further.

(a) In your opinion, do you think the boards decision to advertise the post of CEO was justified? (6marks)

(b) What advice would you give the board of Kentica in order to have the company gain its original status n 2013. (4marks)

(c) Discuss the reasons that made Kentica Ltd loose its market share to Kendel Ltd. (10marks)

(d) Discuss the role of board of directors as stakeholders in the strategic management process (10marks)

Question Two

(a) Discuss the characteristics and dimensions of a good mission statement (6marks)

(b) Highlight the criteria that should be considered when setting organizational objectives. (4marks)

Question Three

(a) "Michael Porter is a significant contributor in the evolution of strategic management". Discuss the five competitive forces for industry analysis. (6marks)

(b) Discuss the generic strategies recommended by Michael Porter and its application to firms in different industries in Kenya (4marks)

Question Four

(a) Argue for and against horizontal and vertical integration. (6marks)

(b) Discuss the stages which the CEO of an organization should follow when managing a planned change. (4marks)

Question Five

(a) Discuss the PESTEL framework in relation to strategy formation and control. (6marks)

(b) Explain the BCG framework as a tool for formulating strategies for large diversified organizations. (4maks)