KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

BBA 860: BUSINESS STRATEGIC BEHAVIOUR & LEADERSHIP

DATE: Friday, 12th May 2017 **TIME: 5.30p.m-8.30p.m**

INSTRUCTIONS

Answer question ONE and any other THREE questions

Question One

POSTLINER: HAS POSTA BITTEN MORE THAN IT CAN CHEW?

Background

The ailing Postal Corporation of Kenya (Posta) has come under pressure in recent years forcing the corporation to adopt new business practices to survive the onslaught from the internet and mobile technology. Posta is betting on public service transport as it seeks out a path to profitability in a market that is less interested in sending letters. The agency is already piloting a two-bus passenger service, Posta Liner, between Nairobi and Busia. The vehicles are also expected to carry letters and parcels, in a model that sets it up for head-to-head competition with a number of established private courier firms. The pilot phase is being funded by the Universal Postal Union (UPU).

Introduction

From moving mail to moving mailers; this is among Postal Corporation of Kenya's (PCK) latest options to salvaging its dwindling sales. Former Postmaster General Dr. Enock Kinara explained to news outlets: "We are starting the Postliner Bus Service that will help improve on our mail circulation quality and, in addition, we shall be able to get funded to do that by the passenger." Is this a global first? No. PostBus Switzerland and PostBus Uganda both emerged over a decade ago. The former as a response to emerging disruption, the latter to fill a yawning public transport gap, then. PostBus Switzerland has enjoyed phenomenal acceptance, and therefore commercial success.

Diversification strategy

Diversification is the riskiest growth strategy. Diversification in times of rapid change as we are in is even riskier. The typical lethargy of a parastatal compounds that risk. To be fair, a response to disruption is compulsory. Social media, texting, and instant messaging platforms like WhatsApp are making e-mail the new snail mail. Therefore, in order to remain relevant in this disruptive time, Posta must redefine what business it is in. And, no, it's not just another step from offering courier services. In fact, unchecked, diversification can kill the core business. Diversifying in this manner means exposing struggling Posta to the vagaries of public transport in Kenya. This notwithstanding, with a CA informed 74 per cent Internet penetration in Kenya, Postliner is like insisting on posting a letter instead of an instant message — it's an analog move on a digital chessboard.

Survival

So, yes, for sheer survival, Posta must evolve. As reported in the media, there has been a flurry of activities to shore up Posta's dwindling sales. In 2013, the start of Huduma Centres, saw an increase in mail charges and closure of 56 loss making outlets. In 2015, alarmed by the closure of 18 per cent of total outlets, the Communications Authority (CA) adopted new regulations requiring new postal and courier service providers to adhere to conditions such as use of Posta's vast national networks. Then in 2016 there was M-Post, and now there's Postliner. Despite the leaking ship, the plan is to grow annual revenues by over 1,000 per cent, from Sh3.6 billion to Sh40 billion, over the next three years.

Interestingly, though demand for unregistered mail is waning, demand for post office services remains. In the last decade there's been an 18 per cent increase in rentals. These statistics must make Posta feel stuck in a time warp and possibly explain Postliner. Still, the Postliner move is an attempt by a behemoth of a ship to make a 180 degree turn on a dime. Posta will be a fish out of water. Venturing into public transport is not as simple as acquiring a bus or two. If it was, the graveyard of bus transport companies in Kenya wouldn't be thriving. And, transport as a means of communication is fast losing currency.

The Future

However, the government remains cautious about the endeavor, insisting that Posta's future lies at the nexus of e-commerce and logistics, and not in the passenger-transport business. "UPU felt that this was a pilot they could fund. It is an experiment but I wouldn't take it to be the future. Posta's future is going to be on logistics and e-commerce," said Information, Communications and Technology (ICT) cabinet secretary Joe Mucheru.

a) What are the motives for Posta's diversification into transport business [6 marks]

b) Based on your understanding of the case, what factors in your opinion affected the managements' decision to invest in the Postliner Bus Service [6 marks]

c) Identify and describe four meaningful performance indicators that Posta can use to gauge the performance of its new Postliner bus Service [8 marks]

d) List and describe five strategic assessment tools that Posta could have employed to assess the viability of Postliner Bus Service [10 marks]

Question Two

a) Summarize the main components of corporate-level strategy that inform business leaders' decisions about the organization's scope and direction. [4 marks]

b) Briefly review the various categorization of leadership theories [6 marks]

Question Three

a) From a top-level manager's perspective, explain why behavioral control in organizations is important? [5 marks]

b) Differentiate between the corporate five versus the strategic five frameworks [5 marks]

Question Four

a) McKinsey's seven (7) s model is one of the most popular/widely-used organization strategic alignment frameworks. Identify and outline the 7 key internal elements of the 7s model which if effectively aligned allow organization to achieve its objectives [7 marks]

b) What is ethical leadership and how does it encourage ethical behaviour as well as practices? [3 marks]

Question Five

a) Aligning talent management with business strategy is a challenge many organizations face due to the turbulent business environment. Using the talent management adoption model, outline its central tenets and how they help to address this problem. [6 marks]

b) What are the key strategic leadership actions that a CEO should institute so as to avoid the possibility of organizational failure in the near future [4 marks]