

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF AGRIBUSINESS AND BACHELOR OF SCIENCE**

AGBM 451: STRATEGIC MANAGEMENT

STREAMS: AGBM & BSC

TIME: 2 HOURS

DAY/DATE: FRIDAY 8/7/2016

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

- (i) Answer question One and any other Two questions**
- (ii) Marks will be awarded for clarity and originality of ideas**
- (iii) Do not write on the question paper**

Questions

1. Matunda Enterprises, a horticultural business that grows and exports fruits, hired a consultant to assist the executives define the strategic direction of the company. The executives went for a retreat at the Mt. Kenya Safari Lodge to carry out this exercise. The consultant started by asking the executives what the vision and mission of the company was. He was so disappointed because most of the executives could not remember them. The consultant then engaged the members in various sessions and they came up with certain strategies based on an analysis of the opportunities in the export market and the economic conditions in the world markets. They also weighted and ranked the strategies and chose the one they believed would be the best in increasing their profits. The consultant then advised them that they should implement and control the strategy to ensure success. Your friend had been invited to the session at Mt. Kenya Safari Lodge since she is a personal assistant to the managing director to help the executives record their discussions. On returning to the company, she realized that the executives decided to adopt and implement a different strategy and not the one they had ranked the best. She believes the executives just wasted the company's money enjoying a retreat. She also does not understand why the executives did not draw up performance targets against which to measure the success of the strategies.

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- (a) Explain any 5 reasons why the mission is useful to Matunda Enterprises.
[10 marks]
- (b) Explain any five behavioural considerations that may have led to the executives to change the strategy they had chosen to implement although they had rated it the best in increasing their profits.
[10 marks]
- (c) Explain to your friend why performance targets may not be the best way to evaluate strategies and suggest how the strategies may be controlled.[10 marks]
2. (a) Policies are designed to control a managers' discretion in implementing strategies. Outline five reasons why an organization would decide to have formally documented policies.
[5 marks]
- (b) With reference to any industry of your choice, illustrate how an organization in that industry can analyze its competitors and their competitive strategies using Michael Porter's generic strategies model.
[15 marks]
3. (a) Explain vertical integration strategy in detail showing the forms it can take and any two pros and cons associated with this strategy.
[10 marks]
- (b) To show how businesses can grow Ansoff presented the product market mode. Explain this model showing the different growth strategies available to businesses according to this model and clearly illustrate how companies in Kenya have applied these strategies.
[10 marks]
4. (a) Rivalry within the industry is one of the five forces that affect industry competition. Explain any five factors that determine the nature of rivalry within the industry clearly showing how they affect rivalry in the industry.[10 marks]
- (b) How do strategies come about and at which levels do strategies exist in an organization.
[10 marks]
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