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**University Examinations 2014/2015**

FIRST YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

**BFA 5179: STRATEGIC MANAGEMENT**

**DATE: AUGUST 2015 TIME: 3HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***three*** *questions*

**QUESTION ONE (24 MARKS)**

Read the case study below and answer the questions that follow.

For almost two decades, managers have been learning to play by a new set of rules. Companies must be flexible to respond rapidly to competitive and market changes. They must bench mark continuously to achieve best practices. They must outsource aggressively to gain efficiency and they must nurture a few core competences in the race to stay ahead of rivals.

Positioning- Once the heart of strategy is rejected as too static for today’s dynamic markets and changing technology. According to the new dogma, rivals can quickly copy any market position, and competitive advantage is at best temporary. But those benefits are dangerous half-truths and they are leading more and more companies down the path of mutually destructive competition.

True, some barriers to competition are falling as regulations eases and markets become global.

True, companies have properly invested energy in becoming leaner and more nimble. In many countries, however, what some call hyper competition is self-inflicted wound, not the inevitable outcome of a changing paradigm of competition. The root of the problem is to fail to distinguish between operational effectiveness and strategy.

The quest for productivity, quality and speed has spawned a remarkable number of management tools and techniques. Total quality management, benchmarking, time based competition, outsourcing, partnering, engineering, change management etc.

Although the resulting operational improvement has often been dramatic, many companies have been frustrated by their inability, to translate those gains into sustainable profitability. And bit by bit, almost imperceptibly, management tools have taken the place of strategy.

As a manager push to improve on all fronts, they move further away from viable competitive positions.

A company can outperform rivals, only if it can establish a difference that it can preserve. It must deliver great value to customers or create comparable value at a lower cost, or do both.

Michael E Porter; Harvard Business Review

November-December 1996

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1. Discuss this statement drawn from the case (12 Marks)
2. Explain the relationship between operational effectiveness and strategy (12 Marks)

**QUESTION TWO (12 MARKS)**

Industry structure is an important phenomena that shape competition landscape. In the light of this statement, critically analyze telecommunication industry in Kenya (12 Marks)

**QUESTION THREE (12 MARKS)**

1. Explain how critical success factors for a particular industry influence strategy formulation in relation to firms in that industry (6 Marks)
2. Giving examples distinguish between operations controls and strategic controls (6 Marks)

**QUESTION FOUR (12 MARKS)**

Citing a firm of your choice, explain clearly how a balanced scorecard can be used as a strategy management tool (12 Marks)

**QUESTION FIVE (12 MARKS)**

Using appropriate examples, explain clearly how value chain analysis can be used in corporate appraisal (12 Marks)