



STRATHMORE UNIVERSITY

Strathmore Business School

Master of Business Administration

Continuous Assessment Test

MBA 8107: STRATEGIC MANAGEMENT

Date: Tuesday, 25th June 2013

Time: 2 hours

Instructions: Answer Question One and any other **TWO** Questions

Question 1 (30 Marks)

READ the following minicase and use it to answer the questions that follow.

Scan Group Limited is a Kenya based international company affiliated with many investors worldwide. They have interests in other African countries in manufacturing and service industries. Scan Group limited is a holding company and has shares in various industries in Kenya and elsewhere.

In 2006, Scan Group acquired major shares in FCB Tanzania, which handles Vodacom Shares. Vodacom is the biggest mobile telephone company in Tanzania. In early 2007, Scan Group acquired 35% shares in Redsky Limited, a Kenyan leading company in advertising and publicity. Redsky Limited act on behalf of such big reputable firms such as Safaricom, D.T.Dobie, CFC Stanbic Bank, Sara Lee among others. Scan Group has also indicated to extend their acquisition activities to other firms that have viable projects.

Acquisitions are strategies that are used by firms to invest in other concerns that have great potential and that have a better future. Most firms use acquisition to buy into companies that are in growth sectors of the economy. The improved GDP growth rate of Kenya's economy that has averaged about 5-7% between 2005 and 2007 has given firms optimism that the same momentum may be attained in the 2008-2010 period. If that can be realized then firms that are expanding their operations in 2007 and 2008 stand to gain when their investment begin to earn returns in 2010

Source: Strategic Management Practices, Yabs, J Second Edition, 2010.

- Explain **three** reasons why Scan Group uses acquisitions as a means of expansion and growth. (12 Marks)
- What **three** fundamental organizational culture challenges is Scan Group likely to face as they use this means of growth. For **each** challenge suggest a solution. (8 Marks)
- Various stakeholders will have an interest in Scan Group. Name **five** specific stakeholders and outline what their interest would be in Scan Group? (10 Marks)

Question 2 (20 Marks)

- a) Management decisions can be “ tactical or strategic”. (10 Marks)
 - i. Explain this statement.
 - ii. Support your answer with a description of an example of **each** of these decisions made by a Kenyan company.

- b) Briefly explain the following strategic management concepts. (10 Marks)
 - i. The Operating Environment
 - ii. The Company Mission
 - iii. The Strategic Management Process
 - iv. Strategic intent.

Question 3 (20 Marks)

The art of strategic thinking involves putting into place plans that will differentiate the enterprise and give it a competitive advantage over rivals; it also refers to moves that management makes in response to shifts in the competitive environment. In addition to this the goal of strategic management is to sustain competitive advantage or above average performance in an industry for at least 10 years or more through a motivated result-oriented team

Required:

- a) With the help of an example for each discuss the **three** core skills required by senior executive management to be successful in strategy formulation and implementation. (10 marks)

- b) Using a company of your choice as an example, explain the concept of the value chain and how the named company has used it to achieve competitive advantage. (10 marks)

Question 4 (20 Marks)

According to Michael Porter (1979), “the competition for market share by firms is manifested among competitors and competition in an industry is also rooted in its underlying economics. Competitive forces go beyond established competitors and thus the state of competition in an industry depends on five basic forces”.

Required:

- a) Explain these **five** basic forces that influence the state of competition in an industry. (6 marks)

- b) Outline **four** factors that render a supplier group in an industry powerful. Explain how any Kenyan company of your choice has used these two factors successfully. (8 marks)

- c) The practice of corporate strategic management involves various strategic levels within a corporate organization. (6 marks)
 - i. Explain these levels of strategy in a corporate organization.
 - ii. Give an example of a decision that is made at each of the respective levels.

CAT Prepared by: Faculty – Mr. Paul Ouma (MBA Year 1 2013)