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# KIBABII UNIVERSITY

## UNIVERSITY EXAMINATIONS

## 2015/2016 ACADEMIC YEAR

## FIRST YEAR SECOND SEMESTER
## FOR THE MASTER OF BUSINESS ADMINISTRATION

**COURSE CODE:** MBA811

**COURSE TITLE:** STRATEGIC MANAGEMENT

**DATE: 11th MAY 2016** **TIME: 2.00PM**

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**INSTRUCTIONS TO CANDIDATES**

Answer **QUESTION ONE** and any other **TWO** questions

**Q1.CASE STUDY**

Read the case study carefully and answer the questions that follow;

*Kenya broadcasting corporation*

KBC is one of the largest premier broadcaster with than 1,000 transmitters covering 90% of the country's population across an estimated 28 million homes. It has more than 20,000 employees managing its metro and regional channels. Recent years have seen growing competition from many private channels numbering more than 23, and the cable and satellite operators(C&S). the C &S network reaches nearly 9.2 million homes and is growing at a very fast rate. KBC's business model is based on selling half-hour slots of commercial time to the programme producers and charging them a minimum guarantee. For instance, the present tariff for the first 20 episodes of a programme is Ksh. 30,000 plus the cost of production of the programme. In exchange the producers get 780 seconds of commercial time that they can sell to advertisers and can generate revenue. Break-even point for producers, at the present rates, is Ksh. 75,000 for a 10 second advertising spot. Beyond 20 episodes, the minimum guarantee is Ksh. 65,000 for which the producers charge Ksh. 115,000 for a 10 second spot in order to break-even. It is at this point that advertisers face a problem; the competitive rate for a 10 second spot is Ksh. 50,000. Producers are possessive about buying commercial time on KBC. As a result the KBC's Projected growth of revenue is only6-10%as against 50-60% for the private sector channels. Software suppliers, advertisers and audiences are deserting KBC owing to its unrealistic pricing policy. However, KBC has options before it. First, it should privatize, second it should remain purely a public service broadcaster and third, take middle path. The challenge seems to be on how to exploit KBC's immense potential and emerge as a formidable player in mass media industry.

i). What would you describe as the main weakness with KBC's Business approach? (5mks)

ii). Prepare a SWOT profile for KBC (10mks)

iii). Do you see any growth potential with KBC? Give reasons to support your answer(5mks)

iv). In your view, explain and justify the best option for KCB?(10mks)

Q2. The nature and scope of strategic management is often defined by its three main tasks; formulation, implementation and evaluation of appropriate strategies aimed at achieving long-term competitive advantage and growth.

a). Explain the responsibility for strategic management in a large company (8mks)

b). with an experience-centered example, explain the main activities in each of the four functional areas (12mks)

Q3. A company's investment decisions and revenue generation is determined by forces of the environment within which it operates; thereby constituting a major consideration in strategy formulation and execution

a). Describe any three forces that determine the attractiveness of an industry (10mks)

b). Explain the utility of competitor analysis in strategy formulation (5mks)

c). Outline any three strategies that an organization can use to build long-term competitive advantage (5mks)

Q4 a). Explain the importance of the 'control 'function in both strategy formulation and implementation (5mks)

b). with relevant examples, distinguish between quantitative and qualitative strategy measures (8mks)

c). Explain any two administrative aspects that are critical in effective strategy implementation (7mks)

Q5. Nairobi Metropolitan University is a recently launched pioneer institution providing higher courses in Innovation and Knowledge Management in Kenya. The University is located in Nairobi and is operating under letter of Interim authority. At the moment, Kenya does not have any University offering specialized higher course in innovation and Knowledge management. The University is in dire need to capture the market currently served by foreign Universities. In appreciation that the entire East African Region does not boast of any established institution offering such specialized courses, the University wants to move and establish itself as a pioneer institution of higher learning in the region; with potential competition from established Universities which may most likely venture into this new area. The University is in need of a strategy to facilitate this endeavour and has approached you to facilitate in its efforts to develop a strategic plan.

With support, give an appropriate propositions of the following elements of its strategic plan.

i). Vision statement (3mks)

ii). Mission statement (3mks)

iii). Two key strategic objectives (6mks)

iv). Two strategies, for each of the objectives (8mks)