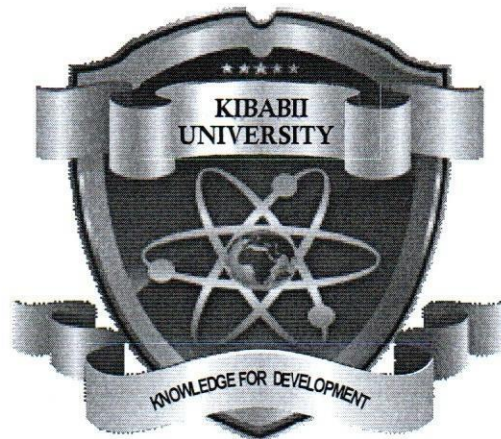


KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

**2020/2021 ACADEMIC YEAR
FOURTH YEAR SECOND SEMESTER
MAIN EXAMINATION**

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCB 421

COURSE TITLE: STRATEGIC MANAGEMENT

DATE: 14/5/2021

TIME: 2.00PM-5.00PM

INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

QUESTION ONE

BAYGON CASE STUDY

When Baygon, the US biotechnology firm, brought its range of genetically modified (GM) foods to Europe, Greenpeace the international environmental campaigning organization, was waiting. Baygon's work on GM foods – which they argued would lower pesticide use, increase crop yields and promote more effective land use – appeared to them to be perfectly in tune with the demands for sustainable development emerging from the European environmental lobby. The products to Europe seemed the natural next step. It did not occur to Baygon that European environmentalists would be less than enthusiastic. The introduction of GM foods into Europe has been a fiasco. The environmental movement has succeeded in winning huge public support, which has influenced supermarkets and led to them removing GM products from its shelves. Crop trials have been sabotaged, and European governments have placed a moratorium upon the licensing of GM products for human consumption. How had the introduction gone so wrong? It was not as if Baygon had not considered the range of interested stakeholders, indeed, it was precisely because of the benefits that GM seed brought to a range of stakeholders that Baygon was confident that its products would prove as welcome in Europe as they had in the USA. After all the products offered considerable advantage to three key external stakeholders: to farmers, who were offered improved yields and profitability; to consumers who could look forward to lower prices; and to environmentalists, who would be expected to welcome the reduction in the range and number of herbicides that needed to be applied to crops, leading to lower soil and crop residues and less pollution of waterways. Of course, other groups of stakeholders would also benefit – the shareholders in Baygon who would look forward to improved corporate profits, and the employees, who would benefit from the growth of the organization. What Baygon had not accounted for, however, was the resistance of consumers to the prospect of GM foods. Despite the absence of any scientific evidence of risk, European consumers – already wary following a series of food and health scares – were deeply cynical about the claims made by Baygon for the safety of the GM seeds, spurred on by media coverage of the arrival of "Frankenstein Food", consumers considered the health and environmental unknowns to be too great for the marginal benefits that these crops would offer them. Food distribution channels – dominated by small number of supermarket chains – saw little reason for putting their business at risk, and quickly assured customers that they could refuse to sell GM foods. Various EU governments have argued in vain for the need to establish

experimental evidence through field trials. As a result, no GM crops are yet developed commercially in Europe. The cost to Baygon of failing to take proper account of stakeholder interests is plain to see – their venture into Europe has been a commercial and public relations disaster. But there are wider costs as well. European agriculture has been denied access to more cost effective crops, which will reduce further their ability to compete internationally.

a) With reference to Baygon Case Study;

- i. Discuss the various stakeholder categories show their relevance in Baygon's Strategic formulation process (8 Marks)
- ii. What strategies or actions should Baygon take to best manage stakeholders challenges and opportunities (8 Marks)
- iii. What strategies or actions should Baygon take to best manage stakeholders strengths and weaknesses (8 Marks)

b) From strategic point of view, discuss the strategic implications of Equitel to Safaricom's mobile service provider Mpesa (8 Marks)

QUESTION TWO

- a) The development of competitive strategies must include the assessment of the separate value activities which the organization undertakes. Discuss the use of Value Chain Analysis in this assessment of value activities in an organisation. (8 Marks)
- b) Explain the components of a strategy in relation to strategic management (6 Marks)
- c) One of the key steps in strategic planning is to decide the basis on which the organisation will compete and /or sustain a superior level of performance. Citing examples discuss why Michael Porter generic strategies is a prerequisite for company attempting to achieve competitive advantage (6 Marks)

QUESTION THREE

- a) Michael Porter's five forces of competition determine the rate of return on invested capital (ROI) in industry relative to the industry's cost of capital. Discuss the barriers to threat of new entrants in the industry (10 Marks)

- b) In establishing strategic choices, firms have many alternatives to choose from. Several factors guide or influence these choices. With examples, outline and briefly explain them (4 Marks)

QUESTION FOUR

- a) Most organizations employ strategic management to steer them into long-term prosperity the future. With examples, outline some of the key areas that such organizations may establish their long-term objectives. (6 Marks)
- b) Discuss the strategic management model in relation to strategic management process (8 Marks)
- c) Discuss the general environmental factors in relation to strategic management (8 Marks)

QUESTION FIVE

- a) Structure follow strategy or Strategy follows Structure? In light of Alfred Chandler proclaimed maxim, discuss (6 Marks)
- b) Discuss the diagnostic approaches to competitors analysis in strategic management (6 Marks)
- c) Discuss the grand strategies a firm seeking to reduce its level of activities may adopt in a competitive industry (8 Marks)