

KIBABII UNIVERSITY

15



UNIVERSITY EXAMINATIONS

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

**FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

COURSE CODE: MBA 811

COURSE TITLE: STRATEGIC MANAGEMENT

DATE: 19/02/2021

TIME: 2.00PM-5.00PM

INSTRUCTION TO CANDIDATES

- 1) Answer Question **ONE**(Compulsory) and **ANY OTHER TWO** Questions
 - 2) Candidates must hand in their answer booklets to the invigilator while in the examination room
 - 3) Credit is given for legibility, clarity and use of relevant examples
 - 4) Question **ONE** is **40 marks** while Questions **2-5** carry **20 marks** each
 - 5) Clearly write your **Registration Number** on each answer sheet used
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TIME: 3 Hours

KIBU observes ZERO tolerance to examination cheating

QUESTIONS : SECTION A

QUESTION ONE:

WAL-MART A LEADER IN RETAILING INDUSTRY IN THE USA

Wal-Mart is the Leader in retailing industry with fiscal revenue of USD 244.52 billion in 2003, making it the world's largest corporation. Mike reports that Wal-Mart as of 2002 had 1,283,000 employees growing at 11.2%. The above data explains that strategy of Wal-Mart is extraordinary which manages and operates over 4,150 retail facilities globally. The Key components of Wal-Mart (the value chain), which offers cheap prices than its competitors includes firm infrastructure like frugal culture, no regional offices and pleasant environment to work. Management take lots of visits and it is learnt there are no rehearsals before any meeting which is usually scheduled on every Saturday. In any organization, human resource is the key to development and Wal-Mart efficiently manages its sources.

Wal-Mart terms its employees as associates. Manager compensation is linked to the profit of store operated by him, within promotions, compensations offered to associates depending on company's profits and also offered some incentives on their performances. The workforce at Wal-Mart is not unionized as the company takes all measures of their benefits and provides them training on related issues. Technology plays a vital role in development of the organization and Wal-Mart is well equipped with technological innovations like POS, Store performance tracking, real time market research, satellite system and UPC.

Wal-Mart procurement measures like hard-nosed negotiations, partnerships with some vendors, centralized buying, planning packets, e.t.c helps at large the cause of providing the goods and services on cheap prices. The other factors that increase the margin of profit for Wal-Mart are inbound logistics with frequent replenishment, automated DCs cross docking, pick to flight, EDI, hub and spoke system. Wal-Mart strategy of operation is innovative with big stores in small towns with monopoly in the market at low rental costs, local prices, concentric expansion, merchandising in brand name, private labels, little space for inventory, store within store, e.t.c.

In relation to marketing and sales, merchandising is tailored from locals, spent less on advertising and the prices are fixed low and it depends on the store manager to fix the latitude of pricing. All the above factors combined together form the key components of Wal-Mart which not only

increase the margin of profits through bulk sales, but also boosts the confidence of the customers with services like point of sale information system and everyday low prices.

Required:

- a) Discuss the key strategic factors which helped Wal-Mart gain competitive advantage over its rivals (15 marks)
- b) To what extent has Wal-Mart applied Porter's generic strategies to become a leader in retail chain supply in the USA. (15 marks)
- c) Evaluate the challenges Wal-Mart may face if it continues with the same strategies it has been employing in its business. (10 marks)

QUESTION TWO:

A more recent theory in strategic management is the Resource-Based View of the firm developed by Wernerfelt (1984), Rumelt (1984), Barney (1991) and others:

- a) Distinguish the difference in explanation of profitability of Porter's Five forces and the Resource-Based View. (10 marks)
- b) Discuss the underlying attributes that valuable asset should possess under the Resource-Based View. (10 marks)

QUESTION THREE:

- a) Explain (using relevant examples) the importance of strategic management to the contemporary Kenyan Public Sector Organizations. (10 marks)
- b) Evaluate the challenges these organizations face in the Implementation of chosen strategies. (10 marks)

QUESTION FOUR:

Evaluate the major activities that need to be carried out by an organization to effectively develop and Implement strategy. (20 marks)

QUESTION FIVE:

Strategic choice evaluation can be done through portfolio analysis. Discuss the contribution of Boston Consulting Group (BCG) Matrix to this end. (20 marks)