



MUEO

MOI UNIVERSITY

**OFFICE OF THE DEPUTY VICE CHANCELLOR, ACADEMIC
AFFAIRS, RESEARCH & EXTENSION**

**UNIVERSITY EXAMINATIONS
2015/2016 ACADEMIC YEAR**

FORTH YEAR END OF SEMESTER EXAMINATIONS

**FOR THE DEGREE OF
BACHELOR OF BUSIN ESS MANAGEMENT**

EXAM CODE:- BBM 472

COURSE TITLE:- BUSINESS POLICY & STRATEGY

DATE:- 14TH APRIL, 2016

TIME:- 9.00 A.M. – 12.00 NOON.

INSTRUCTION TO CANDIDATES

➤ **SEE INSIDE.**

THIS PAPER CONSISTS OF (2) PRINTED PAGES

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INSTRUCTIONS: -

- Answer Question **ONE** and any other **THREE** questions
 - Time allowed: **3 hours**
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PART A(COMPULSORY) 25 MARKS

Question (I)

Read CASE A and B and perform a five forces analysis on the following industries.

CASE A

The Pharmaceutical Industry

The pharmaceutical industry consists of firms that develop, patent, and distribute drugs. Although this industry does not have significant production economies, it does have important economies in research and development. Product differentiation exists as well, because firms often sell branded products, Firms compete in research. However once a product is developed and patented, competition is significantly reduced. Recently, the increased availability of generic, on branded drugs has threatened the profitability of some drugs lines. Once an effective drug is developed, few if any, alternatives to that drug usually are available. Drugs are manufactured from commodity chemicals that are available from numerous supplies; Major customers include doctors and patients. Recently increased costs have led the federal government and insurance companies to pressure drug companies to reduce their prices. **(9 marks)**

CASE B

The Textile Industry

The textile industry consists of firms that manufacture and distribute fabrics for use in clothing, furniture, carpeting and so forth. Several firms have invested heavily in sophisticated manufacturing technology, and many lower-cost firming are located in Asia have begun fabric production. Textiles are not branded products. Recently, tariffs on some imported have been implemented. The industry has numerous firms; the largest have less than 10 percent market share. Traditional fabrics material (such as cotton and wool) have recently been threatened by development of alternative chemical based materials (such as nylon and rayon), although many textile companies have begun manufacturing with these new materials as well. Most raw material are widely available, although some synthetic products can be in a short supply. There are numerous textiles customers, but little costs are usually a large percentage of their final product's total costs ,Many users shop around the world for the lowest textile prices. **(8 marks)**

Question (II)

Develop/Propose vision and mission statements of the following firms.

- a) **Johnson & Johnson**—doctors, patients, mothers, babies, employees, community (2 marks)
- b) **Dell**-Technology, business, value to customers, loyal customers, continued success(2marks)
- c) **IBM**—invention, development, manufacturing industry most advanced technologies(2marks)
- d) **Walmart chain of Supermarkets** -provision of quality products and services, one stop -shop
(2 marks)

QUESTION TWO (15 marks)

- a) Explain why firms need to study and understand their internal organizational context. (5 marks)
- b) Any analysis of threats and opportunities facing a firm must begin with an understanding of the general environment within which a firm operates that can have an impact on a firm's strategic choices. Describe the dimensions of general environment facing a firm and how this environment can affect the firm's opportunities and threats. (10 marks)

QUESTION THREE

- a) Discuss the four activities of the external environmental analysis process. What does the firm want to learn when using this process? (7 marks)
- b) Describe what the firm needs to know about their competitors and different methods (including ethical standards) used to collect intelligence about them. (8 marks)

QUESTION FOUR

- a) i Explain the concept the “strategy implementation” (3 marks)
- a) Strategy implementation is key as reflected in planning and action. However some organizations have failed in the strategy implementation stage. Explain why this happens. (5 marks)
- b) Explain the differences among business level strategies (7marks)

QUESTION FIVE

- a) Discuss the key internal and external and external pressures posed by Kenya's business environment to potential investors. Propose and explain which strategies can be developed and implemented to ensure success. **(7marks)**
- b) Reflecting on Boston Consulting Group Matrix (BCG) as a portfolio analysis, explain how this can be applied in Kenya's Business environment. **(8 marks)**

QUESTION SIX

- a) Briefly explain the following in reflection to the organization of your choice.
- i) Strategic choice-business –level strategies, corporate level strategies. **(3 marks)**
 - ii) Competitive Advantage **(2 marks)**
 - iii) strategic management process **(2 marks)**
- b) The Resource –Based View of the firm are defined as tangible and intangible assets that a firm controls that it can use to conceive and implement its strategies. **RBV** rest on two fundamental assumptions about resources and capabilities. Critique these assumptions in relation to organization of your choice. **(8 marks)**

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