UNIVERSITY EXAMINATIONS: 2025/2026

EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN INFORMATION TECHNOLOGY

BIT408-BUS3133-BIT408-BCM401

STRATEGIC MANAGEMENT

END TERM EXAMINATION

DATE: DECEMBER, 2025 **TIME: 3 HOURS**

INSTRUCTIONS: Question One is Compulsory, Choose Three Other QuestionsSECTION A (COMPULSORY)

QUESTION ONE (15 Marks) Compulsory

Read the case below and answer the following:

NextGen Motors Aims for the Mass Market

Sir Thomas cofounded NextGen Motors in 2003 with the vision of making electric cars that could rival, and even replace, traditional gas-engine cars in the consumer marketplace. At the start of the 21st century, the external environment was beginning to show favorable signs for the development of electric cars: people were becoming more concerned about the environment and their carbon footprints, and gas prices were beginning a steep climb that had already spurred the sales of hybrid gas-electric cars such as the Toyota Prius.

The automobile industry was not responding to these environmental trends, instead relying on the fact that trucks such as the Ford F-150 and Chevrolet Silverado were still the two top-selling vehicles in America in 2003.

Sir Thomas saw a different future for vehicles, and NextGen Motors introduced the all-electric Roadster in 2008. Four years later, the more practical Model S was introduced, and NextGen Motors sales began to climb.

As a new entrant in the automobile industry, though, NextGen Motors faced several challenges. Manufacturing and distribution in this industry are extremely expensive, and NextGen Motors had to develop the capability of efficiently manufacturing large quantities of cars. NextGen Motors also had to establish dealerships for its cars, although it also decided to sell cars online, taking advantage of tech-savvy consumers' comfort with online shopping. Perhaps

NextGen Motors's greatest challenge was convincing consumers to trust the new technology of all-electric cars. Range anxiety became an actual term, describing people's fear that their car batteries would run out before they reached their destinations. To combat this, NextGen Motors developed an extensive network of charging stations so consumers could be confident that they could charge their cars conveniently.

Sir Thomas has been a master of raising money to fund NextGen Motors's efforts to successfully enter the mainstream automobile manufacturing industry; so far, NextGen Motors's entry has cost billions of dollars. NextGen Motors has also taken advantage of tax incentives to develop its charging stations and to sell its cars, because NextGen Motors customers receive tax credits for the purchase of their cars. NextGen Motors cars are not inexpensive, however, and that has limited their marketability. Most Americans cannot afford the Model S or more recent Model X's high prices (up to and exceeding $100,000).

In 2017, NextGen Motors launched the Model 3, designed to transform the car industry by being its first mass-market, affordable model. The company started taking "reservations" for the model in 2016, promising that it would arrive with a $35,000 price tag. By mid-2017, the reservations list had reached half a million customers, creating a new problem for NextGen Motors. How could it possibly manufacture that many cars when production levels for all of 2016 were less than 84,000 cars?

a) Discuss how the PESTEL framework has supported NextGen Motors's success from the above case. **(9 Marks**)
b) Explain TWO factors that posed challenges in the case above. **(4 Marks**)
c) As a Strategic Consultant, NextGen Motors has approached you to resolve their production level. Advice. **(2 Marks**)

SECTION B

(ANSWER ANY THREE (3) QUESTIONS IN THIS SECTION)

QUESTION TWO (15 marks)

The following is a mission statement of Bidco-Africa Limited.

> *At Bidco Africa, our mission goes beyond business—we are dedicated to nourishing lives, empowering communities, and driving sustainable growth. For over three decades, we have been at the forefront of Africa's FMCG industry, delivering high-quality edible oils, hygiene products, personal care, and food & beverage solutions that enhance everyday life.*

a) Explain THREE questions that the above mission statement can answer about Bidco's stakeholders. **(6 Marks**)
b) Using the mission statement in (a) above, describe THREE core values that are the guiding philosophy at Bidco-Africa. **(6 Marks**)
c) Distinguish between goals and objectives in strategic planning. **(3 Marks**)

QUESTION THREE (15 marks)

a) Suppose the CEO of a pharmaceutical company A decided to merge with or acquire another pharmaceutical company B.
    i. Describe the type of strategy in the above situation (**2 Marks**)
    ii. Discuss FOUR reasons why the CEO of a pharmaceutical company A would employ the above strategy (**8 Marks**)

b) Highlight FIVE ways how competitive benchmarking is used in strategic control. (**5 Marks**)

QUESTION FOUR (15 marks)

a) As a manager working for a fast-food hotel, you have been assigned the duty of ensuring the hotel opens another branch that you are planning to launch in the next 6 months becomes a success. Analyze the fast-food industry using Porter's five forces framework. **(10 Marks)**

b) 'The TOWS Matrix is a tool or generating strategic options.' Discuss **(5 Marks)**

QUESTION FIVE (15 marks)

a) Discuss THREE micro environmental factors of Airtel and how it has created competitive advantage to telecommunication industry. **(6 Marks**)
b) Describe TWO reasons why the number of Electronic waste (e-waste) landfill sites is increasing around the world. **(4 marks)**
c) Companies must continually examine the value they create in order to retain their competitive advantage. With reference to the above statement assess the roles of the five components of the primary activities in the value chain model. **(5 Marks**)

QUESTION SIX (15 marks)

Mr Mutheu is the owner of a popular brand of breads. Masaku, his son after completing his degree he started assisting his father in running the business. The approaches followed by father and son in management were very different. While Mr Mutheu preferred to use authorty and having a formal system of defining goals and motivation with explicit rewards and punishments, Masaku believed in involving employees and generating enthusiasm to inspire people to deliver in the organization.

a) Describe the type of leadership styles employed by
    i. Mr Mutheu **(1 Marks**)

ii. Masaku **(1 Marks**)

b) Discuss THREE advantages of each of the leadership style employed by
   i. Mr Mutheu **(6 Marks**)
   ii. Masaku **(6 Marks**)

c) 'A well formulated strategy can also miserably fail if it is not implemented efficiently.' Comment on the above statement. **(1 Mark**)