

PAN AFRICA CHRISTIAN UNIVERSITY

BACHELOR OF BUSINESS INFORMATION TECHNOLOGY AND BACHELOR OF SCIENCE IN INFORMATION TECHNOLOGY

END OF SEMESTER EXAMINATION

DEPARTMENT: COMPUTING AND INFORMATION TECHNOLOGY
COURSE CODE: BIT408 | BSIT409 | BCM401 | BUS3133
COURSE TITLE: STRATEGIC MANAGEMENT
CAMPUS: ONLINE
EXAM DATE: FRIDAY
TIME: 5:30PM -8:30PM

INSTRUCTIONS

- This exam script has **TWO (2)** sections.
- Read all questions carefully before attempting.
- Answer All questions in Section **A** and any other Three questions in Section **B**.
- Write only your **student number** on the answer booklet provided.

SECTION A

(Answer ALL questions in this section)

Question 1:

Read the case below and answer the following:

SHINNING SOAPS

“Shinning Soaps and Detergents” is a successful small business enterprise that has had a steady growth since its inception in 1989. The company, which is located at Kongowea, Mombasa, uses the most up-to-date technology and expertise in its operations. Last year, however, the sales and net profit of the company were below the expected levels. In a crisis meeting by the Board of Directors, they noted that this has been brought about by the current rising costs of raw materials of the various soaps and detergents that the company produces. It was also noted that there has been a significant increase in competition. Buyer loyalty has also declined and prices of competing products are significantly lower.

Shinning Soaps and Detergents is associated with high quality products. This coupled with the ideal location and environment has been one of its foundations of success in the market. The company has been a market leader locally until recently when more competitors entered the market. Since it commenced operations in 1989, the company has not relied on advertising and sales promotion to create and maintain its market share. Instead, it has relied heavily on quality of its products, customer loyalty, good will, and its pioneer position in the local market.

In the recent past things have changed for the worse, there is more competition and increasing costs. Some of the competing firms are charging lower prices. A few are carrying out intensive advertising and promotion, and Shinning Soaps and Detergent’s market share is shrinking by the day.

The detergents market has been very lucrative and profitable thus the sudden increase in competition. The management feels that they have to devise new strategies in order to counter the increasing competition and protect its market share.

a) Describe TWO reasons that may have attracted competitors into this market.

**(2
marks)**

b) As a strategic consultant you have been appointed to help the company carry out a SWOT analysis. Explain factors under each area of the analysis **(4 Marks)**

c) Perform TOWS analysis using the factors in (b) above. **(4 Marks)**

SECTION B

(Answer any THREE (3) questions in this section)

Question 2:

a) Prudent Pharmacy has been a well-established manufacturer of curative medicines. The company is planning to enter a new line of products known as 'nutraceuticals' which has both nutritional and medicinal benefits. With rising awareness levels and easy access to information, people are keen to try nutraceuticals as these health supplements claim to delay or reduce the impact of chronic diseases. As income levels of the population have improved, nutraceuticals promise to emerge as a growing niche market in the country. It is governed by health and safety regulations and the company needs to acquire the required licenses to venture into this field. Though the concept is new to India, internationally it is already a growing market with multiple international brands. Prudent Pharmacy is in talks for a potential international tie-up for research and development.

a) Discuss THREE macroenvironment factors that may affect the future of Prudent Pharmacy. **(6 Marks)**

- b) 'Differentiation is a preferred choice by a few companies'; in the light of the above statement explain how a company can achieve differentiation with a suitable example.

(4 Marks)

Question 3:

- a) Using examples, evaluate FOUR reasons why organisations would pursue diversification strategies whether related or unrelated. **(8 Marks)**
- b) Give an example of a SMART objective you could set for your university.

(2 Marks)

Question 4:

Discuss the application of Porter's FIVE forces model in the automotive industry of your choice. **(10 marks)**

Question 5:

- a) Explain THREE ways how competitive benchmarking is used in strategic control. **(6 Marks)**
- b) Highlight FOUR ways a strong positive culture can enhance a firm's competitive advantage. **(4 Marks)**

Question 6:

"Transformational leaders offer a compelling vision of what an organization could be". In reference to this statement:

- a) Describe the importance of having a compelling vision as a transformational leader. **(4 Marks)**
- b) Using examples, discuss THREE ways how a compelling vision impacts the organization. **(6 Marks)**

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EXAMINATIONS PAPER**



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