



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

JANUARY – APRIL 2019 TRIMESTER

FACULTY OF COMMERCE

MBA PROGRAMME

WRITTEN COMPREHENSIVE EXAMINATION: STRATEGIC MANAGEMENT

Date: FEBRUARY 2019

Duration: 3 Hours

INSTRUCTIONS: Answer any FOUR Questions

Q1. Mr. Staples is the finance director of a large company which manufactures and sells bathroom products including bath sinks and toilets to the European market. These products are sold through a selection of specialist shops and through larger “do-it-yourself” stores. Customers include professional plumbers and also ordinary householders who are renovating their houses themselves. The company operates at the lower end of the market and does not have a strong reputation for service. Sales have slowly been declining whereas those of competitors have been improving. In order to encourage increased sales the Board of Directors (BoD) have decided to pay senior staff bonus if certain targets are achieved. The two main targets are based on profit levels and annual sales. Two months before the end of financial year, the Finance Director asks one of his staff to check through the current situation. He is informed that without a sudden improvement in sales before the year the important sales targets will not be met and so bonuses will be adversely affected.

The Finance Director has proposed to their senior staff that this shortfall in sales can be corrected by taking one of the following decisions:

- a) A significant discount can be offered to any retail outlet which takes delivery of additional products prior to the end of the financial year.
- b) Scheduled orders due to be delivered as the beginning of next financial year can be brought forward and billed before the end of this year.

- c) Distributors can be told that there is a risk of price increases in the future and that it will be advisable to order early so as to avoid this possibility.

Required:

- i) As a consultant, prepare a report for the Board examining the commercial and ethical implications associated with each of the proposed options abovementioned. **(12 marks)**
- ii) Identify the main weaknesses of using profit and sales as the sole indicators of performance, and suggest other indicators which may be more appropriate. **(13 marks)**
- Q2. Critically evaluate the phrase: "Quality Management is an important strategic issue in the organization." **(25 marks)**
- Q3. a) Critically discuss why effective allocation of resources of the organization is essential for strategy implementation. **(15 marks)**
- b) What criteria can an organization use for allocating resources to different departments? **(10 marks)**
- Q4. Corporate governance is the mechanism by which values, principles, management policies and procedures of any company are manifested in the real world.
In light of the abovementioned statement, assess the relevance of Corporate Governance in the implementation of the sustainable strategy. **(25 marks)**
- Q5. a) A well-established company wishes to carry out its internal analysis (SWOT). As such, the task has been assigned to you. Explain the procedure you would follow in carrying out the task. **(10 marks)**
- b) Contemporary trends and practices calls for firms to pursue wider objectives in addition to the goal of profitability. Explain the concept of Corporate Social Responsibility and discuss the various components that socially responsible firms should address. **(15 marks)**

END