

TECHNICAL UNIVERSITY OF MOMBASA

School of Business

DEPARTMENT OF BUSINESS ADMINISTRATION

MASTER OF BUSINESS ADMINISTRATION

SPECIAL/SUPPLEMENTARY EXAMINATION

BSM 5202: STRATEGIC ANALYSIS, TOOLS AND TECHNIQUES

SERIES: MAY 2016

TIME: 3 HOURS

INSTRUCTIONS

- This paper consists of FIVE questions.
- Answer question ONE (Compulsory) and any other THREE questions

Question 1

A CASE STUDY

Winnipeg Tools Corporation

Winnipeg tools corporation (WTC) is a Canadian multinational firm manufacturing small farm implements and other agricultural equipments. The company is based in Winnipeg, Manitoba, state in Canada. The management of the company realized that China has moved to Africa in a big way to supply small implements. They decided also to try the African market and to conduct a market research.

The main problem faced by the company was that they had not tried to sell their goods in an African country. Their knowledge about Africa was scanty. Based on the little information they had, the company decided to send a delegation to two West African countries and two Eastern African countries to collect market information and to assess the viability of the market. In the missions were the marketing manager and the production manager.

The two managers visited Ghana and Nigeria in West Africa, and to Kenya and to Tanzania in Eastern Africa. They were looking for suitable location to launch their operations. They were looking for countries that are politically stable, countries that have in place positive laws towards foreign businesses, developed infrastructure, and availability of commercial services.

When they reached Ghana, they could not get much help from official sources. They relied on the information given by their Canadian Embassy and the officials of Ministry of Internal Trade. Although Ghana was a potential market, they found that the agricultural implements they were using were mainly from Europe and China. In Nigeria, they found that there was a great potential as a market, but there was no reliable information on the size of the market. They also came face to face with Chinese salesmen promoting all manner of Chinese goods including small farm implements.

When the team arrived in Eastern Africa they found that the market in Tanzania had already been taken by Indian and Chinese technology. In Kenya there was a mixture of British, Chinese, and Indian technology. But the information on the size of the market and existence of a potential for business collaborations was bigger in Eastern Africa than in Western Africa. The team was also informed that through the initiatives of common Market for Eastern and Southern Africa (COMESA), member countries had agreed to arrange for insurance for foreign investments against political upheavals.

The information gathered by Marketing and production Managers of WTC showed that governments Ghana, Nigeria, Tanzania, and Kenya have positive policies and incentives directed at businesses that

invest in agriculture. This is a sector of the economy that governments consider will solve the problem of hunger and uplifts the standard of living of people. Although some governments were politically stable, some showed signs of instability. Some have elaborate strategic plans of developing the country and others short term plans. The marketing manager and production manager went back to Canada having collected some information and they were promised by those they met that they will sent them comprehensive reports on the available opportunities and incentives given by their governments.

- a) Based on the above case study, discuss how managers of an organization can analyze political and economic developments in a potential market.(3 marks)
- b) What are the likely political and economic risks associated with potential host countries? (3 marks)
- c) What can attract any multinational corporation to invest in a country and which examples are given in the above case study? (3 marks)
- d) Describe the dimensions of quality with the potential of providing a product with a competitive advantage (16 marks)

Question 2

a) "The Product Life Cycle (PLC) is one way to identify success factors against which competencies of a firm can be evaluated relative to its key product or products."

Discuss the different stages of the PLC (20 marks)

b) Explain the three options for pursuing a concentration strategy (5 marks)

Question 3

a) "Designing variable strategies requires a thorough understanding of the firm's industry and competition." Explain the four key questions to address the industry analysis and competitive analysis (13marks)

b) Describe the factors that affect competitive rivalry in organizations (12marks)

Question 4

Michael porter advanced the view that a firm's competitive advantage in an industry is determined by its competitive scope. Before using the two generic competitive strategies, the firm must choose the range of product varieties it will trade in, the channels it will employ, its type of customers and a host of industries in which it will compete. To do this the firm can choose abroad market or a narrow target, combining these two types of target markets with the two competitive strategies results into four variations of genetic strategies.

a) Explain each of these four strategies (15 marks)

b) Which of these strategies would be appropriate for a new firm and why? (10 marks)

Question 5.

Prime lands ltd has been in operation in Kenya since 1973. It started as a small Real Estate Agency and overtime grew into a conglomerate with interests in real estate, transport and the manufacturing industries. In the last 3 years, the company's competitive positions in most of its product lines have weakened drastically. This has resulted into very poor performances. Their profits are turning to losses and over the last 2 years they sold most of the real estate property to ease the cash flow pressure. This, however, has not helped much and management is under pressure to improve performance. They are thinking of retrenchment.

Explain the defensive strategic options Prime lands Ltd have (25 marks)