TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Business Administration

UNIVERSITY EXAMINATION FOR:

MASTER OF BUSINESS ADMINISTRATION

BSM 5101/BSM 5203: STRATEGIC MANAGEMENT

SERIES: JULY 2025

TIME: 2HOURS

DATE: Pick DateAug 2025

Instructions to Candidates
You should have the following for this examination
-*Answer Booklet, examination pass and student ID*
This paper consists of five questions. ~~Attempt question ONE (Compulsory) and any other TWO questions~~.
Do not write on the question paper. Answer question one and any other three questions.

Question ONE

PALM AFRICA LIMITED (PAL)

PAL is a leading manufacturer and distributor of fast-moving consumer goods (FMCGs) in Eastern Africa. Founded in Kenya in 1980, the company has grown to become a regional powerhouse with operations in over 12 countries. To sustain the momentum, the Chief Executive Officer (CEO) commissioned PAL's strategic plan for 2024-2028. As part of the exercise, SWOT analysis was adopted as the most suitable tool for analyzing business environment to provide recommendations for continued growth and competitiveness.

PAL's corporate strategy has been focused on diversification and vertical integration. The company has expanded its product portfolio beyond edible oils to include baking products, personal care items and cereals. This diversification strategy has helped mitigate risks and reduce dependence on a single product line. Additionally, PAL's vertical integration approach, where it controls the entire value chain from sourcing raw materials to production and distribution, has enabled cost efficiencies, quality control and competitive pricing.

At the business level, PAL has pursued a combination of cost leadership and differentiation strategies. The company's large-scale production facilities and vertically integrated operations have allowed it to achieve economies of scale and offer competitively priced products. At the same time, PAL has differentiated itself through strong brand equity, extensive distribution networks and a focus on product quality and innovation. PAL has adopted an aggressive marketing strategy, investing heavily in advertising and promotional activities to strengthen its brand recognition and customer loyalty. The company has also leveraged its extensive distribution network to ensure widespread availability of its products across urban and rural areas.

PAL's vertically integrated operations have been a key component of its success. The company has invested in state- of-the-art production facilities and implemented efficient supply chain management practices to optimize costs and ensure timely delivery of products. PAL recognizes the importance of human capital and has implemented various initiatives to attract, develop and retain talented staff. The company offers competitive compensation packages, training programmes and opportunities for career growth. PAL has adopted a conservative financial strategy, relying primarily on reinvested profits and strategic partnerships for expansion and growth. The company has also maintained a strong balance sheet and focused on operational efficiencies to generate cash flows for future investments. The consultant sub-committee that was engaged to come up with the strategic plan has given the following recommendations:

1. Shifting from a traditional functional organizational structure to an agile structure.
2. Geographical expansion: While PAL has a strong presence in Eastern Africa, it should consider expanding its operations to the rest of African continent. This could be achieved through strategic acquisitions, joint ventures or greenfield investments in promising markets with high growth potential.
3. Product diversification and innovation: To stay ahead of changing consumer preferences and competition, PAL should continue to diversify its product portfolio and invest in research and development for innovative offerings. The company could explore new categories such as organic and health-conscious products, as well

as develop products tailored to specific regional tastes and preferences.

4. Digital transformation and E-commerce: PAL should embrace digital transformation by enhancing its e-commerce capabilities and leveraging digital marketing channels. This would enable the company to reach a wider customer base, particularly younger and tech-savvy consumers and improve its overall customer experience.
5. Strategic partnerships and collaborations: To gain access to new markets, technologies and capabilities, PAL should explore strategic partnerships and collaborations with local and international companies. This could include joint ventures, licensing agreements or strategic alliances that complement PAL's existing strengths and resources.
6. Sustainable practices and corporate social responsibility: As consumers become more conscious of environmental and social issues, PAL should prioritize sustainable practices throughout its operations and supply chain. The company should also enhance its corporate social responsibility (CSR) initiatives to build a positive brand image and strengthen its reputation among stakeholders.
7. ADKAR model to be embraced to institutionalize strategic change at PAL.

PAL has established itself as a formidable player in the FMCG industry in Eastern Africa through its diversified product portfolio, vertically integrated operations and strong brand equity. However, to maintain its competitive advantage and drive future growth, the company must address potential weaknesses and threats, such as overreliance on certain markets, capacity constraints and changing consumer preferences. By implementing strategic recommendations, such as geographical expansion, product innovation, digital transformation, strategic partnerships and sustainable practices, PAL can position itself for continued success and long-term competitiveness in the dynamic FMCG landscape.

Required:

a) A certain tool was adopted in the analysis of the business environment at PAL. Identify **FIVE** steps involved in this process. (10 marks)

b) Summarize **TWO** initiatives that PAL leadership implemented to ensure low employee turnover. (2 marks)

c) PAL has adopted a number of strategies in order to position itself as a dominant industrial player in the Eastern African region. Examine **FOUR** such strategies. (8 marks)

d) Evaluate **FIVE** features of the organizational structure that the strategic plan sub-committee recommended for adoption by PAL. (10 marks)

e) PAL's Chief Executive Officer commissioned its 2024-2028 strategic plan. Discuss **FIVE** benefits that PAL might derive from the formulated strategic plan. (10 marks)

Question TWO

(a) Explain FIVE characteristics of a vision statement. (10 marks)

(b) (i) Differentiate between "emergent strategy" and "intended strategy". (4 marks)

(ii) Evaluate **THREE** principles of emergent strategies in a business. (6 marks)

(Total: 20 marks)

Question THREE

a) Explain **FOUR** types of corporate strategies that might be adopted by an organization. (4 marks)

b) Summarize **FIVE** reasons why managers do not delegate. (10 marks)

c) Examine **THREE** impacts of Hofstede's cultural dimension theory in organizations. (6 marks) **(Total: 20 marks)**

QUESTION FOUR

a) Analyze **FOUR** factors that might be considered in environmental scanning. (4 marks)

b) Explain **FIVE** benefits of a diversification strategy to a company. (10 marks)

c) Describe Kurt Lewin's change management model. (6 marks)

QUESTION FIVE

a) Parenting Fit Matrix is composed of two dimensions: Positive contributions that the parent can make and the negative effects the parent can make. In reference to the above statement, explain **FIVE** different positions created from a combination of the two dimensions. (10 marks)

b) Analyze **FIVE** techniques of strategic control in an organization. (10 marks)