TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

Department of Business Administration

UNIVERSITY EXAMINATIONS FOR DEGREE IN:
BACHELOR OF BUSINES ADMINISTRATION
BACHELOR OF COMMERCE

BMG 4400: STRATEGIC MANAGEMENT

END SEMESTER EXAMINATIONS

SERIES: APRIL 2025

TIME: 2 HOURS

DATE:8 May 2025

<u>INSTRUCTIONS</u>
Answer Question **ONE (Compulsory)** and any other **TWO** Questions.

Question ONE

Read the case below and answer the questions that follow:

PRODUCTION OF PASTA PRODUCTS, BISCUITS, AND BREAKFAST CEREALS.

The standard of living for Kenyans is improving ad their eating habits are changing slowly. Most Kenyans now can change their diet from traditional foods to the exotic oriental or even Italian cuisines. There is an increasing demand for pasta products such as macaroni, spaghetti, *chapattis, mandasis, kaimati, mahamuri, kitumbua, sambusa*, and other cookies.

Macaroni and spaghetti is known to be a Mediterranean countries food and Kenyans are eating these products in large quantities. In Kenya there are very few firms producing macaroni and spaghetti and therefore most of these products are imported from Italy, Turkey or Greece. House of Manji has tried to produce spaghetti locally and it is yet to best choice up. As for biscuits, there are four main firms producing this product in Kenya: the House of Manji, Premier cookies Limited, global Allied Industries Limited, and Jamo Biscuits Limited.

There is also an upcoming market for breakfast cereals in Kenya. As the standard of living improves, there is an increasing number of Kenyans eating this product, and yet there are a few firms that produce breakfast cereals include House of Manji, producing Weetabix under lenience; Proctor and Allan, producing Cornflakes, Wheat flakes and Rice Crispies; Healthy U-2000 Limited, producing also Weetabix locally packing Morning Harvest breakfast Cereal. International firms that are cashing in on the increase demand for breakfast cereals include Kellogg of Great Britain with their wide range of Kelloggs products; Cereal Manufacturing Company (Pyt) Limited of South Africa producing Alpan breakfast cereals; Sun Oil Limited of England, producing Golden Country;

The firms in this sector of food industries are few and very specialized. Older firms seem to have established a foothold in the sector and new comers face stiff competitions. The technology for producing spaghetti ad macaroni has not been fully introduced into Kenya.

The few firms that have invested in this sector cannot fully supply the market and therefor there is a big room for imports from original countries of Taly, Greece and Turkey.

Questions:

a) What has made the consumption of Mediterranean foods increase tremendously in Kenya and in Eastern Africa? **(5 marks)**

b) What strategies should the existing firms take to ward off competition from outside the country? **(10 marks)**

c) What motivates people to change their eating habits? **(5 marks)**

d) How can firms capitalize in the changing eating habits so that they can strategies to meet the demand as well as make a profit? **(6marks)**

e) What could be the reasons behind slow investment in the production of macaroni and spaghetti in Kenya? **(4 marks)**

Question TWO

a) What are the 5 Ps of a strategy? **(10 marks)**

b) Describe the strategic management process with examples. **(10 marks)**

QUESTION THREE

a) "Grand strategies are intended to provide basic direction for strategic actions" Discuss. **(10 marks)**

b) With examples of Kenyan companies, discuss the significance of joint ventures. **(10 marks)**

Question FOUR

a) As a rule, challenging rivals on competitive grounds where they are strong is an uphill struggle. Offensive – minded firms need to analyse which of their rivals to challenge as well as how to mount the challenge. As a strategic management student, discuss the principal offensive strategy options giving examples of each. **(10 marks)**

b) What step as an entrepreneur would you like to take before, actually embarking upon diversification scheme? **(10 marks)**

Question FIVE

a) Examine the different types of restructuring with examples **(10 marks)**

b) Explain:

(i) Leveraged buy outs

(ii) Spin offs

(iii) Divestitures **(10 marks)**