



**MASINDE MULIRO UNIVERSITY OF  
SCIENCE AND TECHNOLOGY  
(Kisumu Campus)  
UNIVERSITY EXAMINATIONS  
2015/2016 ACADEMIC YEAR  
FIRST YEAR SECOND SEMESTER EXAMINATIONS  
FOR THE DEGREE  
OF  
DOCTOR OF PHILOSOPHY IN BUSINESS MANAGEMENT**

**COURSE CODE: PBA 903**

**COURSE TITLE: STRATEGIC MANAGEMENT THEORIES & MODELS**

**DATE: JUNE 2016**

**TIME: 3 HOURS**

---

---

**INSTRUCTIONS TO CANDIDATES**

**Answer question ONE and any THREE questions**

## QUESTION ONE

Peoples Bank is a global player in the Banking sector. It is the world's best business in the provision of banking services. The bank offers its products to individual and corporate customers in addition to developing a market niche in the small business sector.

A new Chief Executive Officer has been appointed as part of the re-organization strategy. The bank has been having poor relationships with customers, customers complain of poor services and lack of concern for their plight in a deteriorating economic environment. The poor relationships are further complicated by the bank's lack of innovation in introducing a new product for the ranges of its customers.

The Chief Executive Officer has requested for an extensive report from the Head of Operations on how the bank can be managed in a different way. The implementation plan is to be over five years if the proposal meets the approval of directors. The report has been completed and contains the following proposals.

A new vision, mission statement and corporate strategy should be introduced to Peoples Bank.

The corporate strategy should follow three layers of customers:

(a) The top layer consists of customers with growth potential who require market leading products.

(b) The middle group would consist of individuals who are established and have total commitment to Peoples Bank and need to be retained as this environment is highly competitive.

(c) The lower layer would include small scale enterprises that are expected to provide a new range of leading products. Companies of this level would be given access to low cost credit. Peoples Bank would inject employees to support financial management and development of those businesses.

### Required.

(1) Propose a suitable mission and vision statement justify your proposal in each case. (8 marks)

(2) Perform an environmental analysis of Peoples Bank. (6 marks)

(3) Suggest and explain the key elements which you would recommend for the successful implementation of the proposed strategy. (16 marks)

(4) Describe the possible challenges that would face Peoples Bank as a global organization (10 marks)

## QUESTION TWO

(a) Strategic management aims to create a 'fit' between the organization and its environment. By use of relevant illustrations, explain the above statement. (5 marks)

(b) According to professor Kaplan and his friend Newton effective performance management should be based on "balanced score card". Describe four perspectives of corporate performance management in organization based on balanced score card. (10 marks)

#### QUESTION THREE

Describe Michael Porters five forces of competitive strategy (15 marks).

#### QUESTION FOUR

Write brief notes on the following items. The notes should incorporate relevant illustrations to explain the concepts;

- i. Corporate social responsibility.
- ii. Strategy and culture
- iii. Differentiation as porters competitive strategy
- iv. Management by objectives
- v. Internal environmental factors in an organization (15 marks)

#### QUESTION FIVE

Analysis of current position and stakeholders are key in strategic management process, discuss (15 marks)

