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(The *University of Choice*)

# MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MMUST)

**MAIN**

## UNIVERSITY EXAMINATIONS 2023/2024 ACADEMIC YEAR

## FIRST YEAR SECOND SEMESTER EXAMINATIONS FOR THE DEGREE OF

## MASTER OF BUSINESS ADMINISTRATION AND MANAGEMENT

## COURSE CODE: MBA 825

## COURSE TITLE:STRATEGIC MANAGEMENT

## DATE: 09/04/2024 TIME: 2.00-5.00PM

**INSTRUCTIONS TO CANDIDATES**

- Section A is compulsory. Attempt any three questions in section B

**TIME: 3 HOURS**

This Paper Consists of 3 Printed Pages. Please Turn Over

Quitting a top management job with Nokia and setting up as a direct competitor to the Finnish telecommunication giant requires nerve. The gamble appears to have paid off for Jorma Nieminen who left Nokia (along with 12 colleagues) in 1987 and now presides over Benefon, a fast growing mobile telephone specialist. After an unsteadily start, Benefon, now operates in nearly 40 markets worldwide, and has enjoyed strong growth with 17.8 million profit on revenues o $58.2 million in 1994. The company has more than 230 employees and has exceeded its target of growing by atleast 30 percent a year, its operating margins are the envy of rivals.

Yet Benefon remains a pigmy in the cellular phone market, with a global share of around half a percent. Its main competitors are the world's top three producers of mobile handset-Motorola (US) Nokia (Finland), Ericsson (Sweden) whose size gives them a muscle Niemenen can only dream about. He admits: *We are not well known; we cannot afford to offer discounts; we have less R&D and marketing people than our rivals.*

**Benefon growth**

In spite of this, Benefon, based in Solo, about an hour's drive west of Helsink, has managed to thrive and not just because the mobile phone business is booming. By targeting a niche areas at the top end of the market, it has been able to sell its products for premium prices and limit the impact of trade wars on performance. It offers goodlooking, high quality phones with more functions than rival models, and this enables Benefon to charge up to 30 percent more than competitors. A typical Benefon customer is not buying their first phone, but their second or third one, Niemenen notes, adding that customers come to appreciate the sophistication of Benefon phones after relying on more basic model. According to Niemenen, a Benefon phone can be used for long without being recharged, perform better on the fringes of fiend strength and can withstand extreme weather.

In its main segment-the NMT 450 standard-Benefon is second only to Nokia with a market share of 20 per cent. Part of the reason for its success is its strong position in emerging East European market, where analogue systems offer operators a cheaper starting point than digital ones. In some European markest, Benefon claim to be the number one suppliers.

The group's other main markets are in Scandivania, Central Europe, the Middle East and Asia. Displaying a small company's paranoia about giving too much information away to rivals, Niemenen will not disclose unit sales or individual market penetration rates, nor is he particularly information about the group's future strategy.

The key will be the group's ability not just to develop a new generation of analogue products but to penetrate the digital sector too. Benefon has arguably been slow off the mark, given that digital is the faster growing market. The weakness is being addressed, however, and the first digital (GSM) products are now being developed. Competition will undoubtedly be fierce, but if the digital launch is a success, the group will really joined the big league.

*(The case is adapted for the purpose of examination)*

a). Given the limited resources and geographical spread of Benefon, how would you approach the task of analyzing the environment for corporate strategy development? What process would you recommend and what data would you collect (6 marks),

b). Undertake a PEST analysis for this company's future development (8 marks).

c). From the many possible environmental factors, choose the four which you consider to be the most significant in preparing a corporate plan (6 marks)

**Question Two**

One of the popular strategy formulation tool is the SWOT analysis. According to the SWOT Matrix there are four general strategic directions the organization should take. Discuss them showing when each strategic direction is appropriate. (20 marks).

**Question Three**

One of the senior managers of a leading sugar company has suggested the use of value chain analysis as a first step to improve the performance of the company but he does not understand how this should be done. As a new recruit in the organization, he has request for your advice on how they can undertake this analysis.

**Required**

i) Prepare a report for presentation to the management to enlighten the management on this concept showing how they can go about this analysis (10 marks).

ii) What is the usefulness and limitation of the value chain concept? (10 marks )

**Question Four**

According to Michael Porter, it is important for a firm to carry out industry analysis. Why is this analysis important and what are the forces that influence the state of competition in the industry. (20 marks).

**Question Five**

Many organizations now include explicit reference to their commitment to act in a socially responsible manner in their mission statement. This then forms an integral part of organizational strategies and policies. However, some shareholders see social responsibility as conflicting with their main interest in the company, which is creating maximum shareholders wealth

**Required**

Explain the main arguments for and against the view that socially responsible business decisions can achieve sustainable competitive performance and improve shareholders value (20 marks)