



**STRATHMORE BUSINESS SCHOOL
BACHELOR OF FINANCIAL SERVICE
END OF SEMESTER EXAMINATION
BFS 4202: STRATEGIC BUSINESS LEADERSHIP**

DATE: Tuesday, 10th December 2024

TIME: 10:30 – 12:30

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **SECTION A 30 MARKS (COMPULSORY)** and any other **TWO** questions in **SECTION B**.

SECTION A (Compulsory)

QUESTION ONE

PART I (MCQ)

1. A retail company decides to eliminate suppliers by producing its own goods, reducing dependency and increasing control over the supply chain. This strategic action is best described as:
 - a) Horizontal integration
 - b) Diversification
 - c) Vertical integration
 - d) Strategic alliance
2. Which of the following characteristics is **LEAST** likely to contribute to a firm's long-term competitive advantage in a highly competitive industry?
 - a) The resource is crucial to delivering superior customer value
 - b) The resource is rare and difficult for competitors to obtain
 - c) The resource can be substituted with emerging technologies or alternative solutions
 - d) The resource is deeply embedded within the firm's operational processes
3. A company is implementing a strategy to achieve significant operational efficiencies across its production processes and expand its market reach to cover a diverse customer base. Given the company's objective to leverage cost advantages while serving a broad market, which corporate

strategy would best encapsulate this approach, and what potential challenges might the company face in maintaining this strategy across different market segments?

- a) A hybrid strategy combining elements of cost leadership and differentiation to cater to diverse market needs while controlling costs
 - b) Cost leadership strategy focusing solely on reducing expenses, which may lead to limited differentiation across market segments
 - c) A focus strategy that emphasizes specialized products for narrow market niches, potentially overlooking broader market opportunities
 - d) Diversification strategy that involves exploring unrelated markets and products, which may dilute the company's cost efficiency focus
4. A company is contemplating a move into a new, high-risk market by developing innovative products, which will necessitate significant changes in its current strategic framework. Given this scenario, which concept best captures the nature of this strategic decision, considering its potential impact on the firm's future direction?
- a) Strategic inertia, where the firm maintains its existing strategy despite emerging opportunities
 - b) Incremental adjustment, involving minor modifications to adapt to new market conditions
 - c) Strategic choice, involving a decisive shift towards innovation and new market entry with inherent risks
 - d) Operational focus, which entails concentrating on enhancing current processes rather than exploring new markets
5. A company finds that its marketing practices no longer resonate with customers because competitors are offering superior alternatives. This issue is an example of:
- a) Strategic alignment
 - b) Strategic drift
 - c) Competitive parity
 - d) Emergent strategy
6. An electronics company standardizes its products across international markets but tailors its marketing approach to fit local cultures. This strategy is best described as:
- a) Global strategy
 - b) Multi-domestic strategy
 - c) Transnational strategy
 - d) Focus strategy
7. Which of the following scenarios best illustrates how leadership can influence the dynamics of Porter's Five Forces within an industry?
- a) A CEO implements a cost-cutting strategy to mitigate supplier power, thereby increasing the company's profit margins and market share.

- b) A leader actively fosters strong relationships with industry regulators to reduce competitive rivalry and gain favorable market conditions.
 - c) A management team leverages strategic alliances to enhance bargaining power with customers, thereby reducing their overall bargaining strength.
 - d) A company's leadership focuses on innovative R&D to create unique products, thereby increasing barriers to entry for new competitors and reducing the threat of new entrants.
8. A company's decision to expand its current product line by developing new products targeted at existing customers represents which type of strategy, is this?
- a) Diversification
 - b) Market penetration
 - c) Product development
 - d) Market development
9. According to Lewin's Change Model, the stage where an organization creates a sense of urgency and prepares for the change is:
- a) Refreeze
 - b) Unfreeze
 - c) Change
 - d) Unfreezing
10. A company is looking to expand its operations internationally while ensuring effective integration into diverse cultural environments. Considering Ansoff's Matrix and Cultural Intelligence, which strategic approach should the company take to balance market expansion with successful cross-cultural management?
- a) Market Penetration with Focus on Local Partnerships: The company should leverage existing products to gain a larger market share in new regions by partnering with local firms that understand the cultural nuances.
 - b) Product Development with Culturally Adapted Offerings: The company should develop new products tailored to local preferences and cultural practices to better align with the new market's needs.
 - c) Market Development with Standardized Approaches: The company should enter new geographic markets with existing products, using standardized business practices without significant adjustments for local cultures.
 - d) Diversification with Global Training Programs: The company should introduce entirely new products to new markets and implement global training programs to enhance cultural intelligence among its staff for better integration.

11. When evaluating a strategy's feasibility through the lenses of suitability, feasibility, and acceptability, which of the following best captures the role of strategic capability in this assessment?
- a) Evaluating the strategy's alignment with the latest market trends and competitor strategies: Analyzing if the strategy matches current market conditions and competitive actions, which is part of assessing suitability rather than feasibility.
 - b) Determining whether the organization possesses the essential resources and capabilities to execute the strategy effectively: Assessing if the company has the necessary strategic capabilities, such as specialized skills and resources, to implement the strategy successfully.
 - c) Analyzing how well the strategy meets long-term organizational goals and vision: Evaluating alignment with the organization's mission and future aspirations, which pertains more to acceptability and suitability.
 - d) Measuring the potential for customer acceptance and market share expansion: Focusing on market reception and customer demand, which is related to acceptability rather than feasibility.
12. Considering Lewin's Change Model, which statement best describes the implications of classifying fast-growing but low-market-share product lines as "Question Marks" in the context of strategic change?
- a) The company should focus on "freezing" current strategies to consolidate market position before addressing "Question Marks": Aligns with the unfreezing phase by analyzing the need to reassess current strategies before changing.
 - b) It indicates a need for substantial resources and strategic adjustments to shift these products into a higher market share, aligning with the transition phase of implementing changes: Reflects the transition phase, emphasizing the strategic efforts required to enhance market share for "Question Marks."
 - c) The classification suggests that these products are ready for immediate scaling without further strategic evaluation, focusing on the refreezing phase: Incorrectly implies immediate scaling without considering the need for strategic analysis.
 - d) The company should maintain existing strategies and not change, as "Question Marks" are unlikely to impact overall portfolio performance: Misinterprets the need for strategic adjustments during the transition phase.
13. According to Lewin's Force Field Analysis, successful organizational change is achieved when:
- a) Driving forces are strengthened
 - b) Driving and restraining forces are in equilibrium

- c) Restraining forces are eliminated
 - d) External forces outweigh internal forces
14. Which type of change, as described in strategic change theory, refers to rapid, fundamental changes in both strategy and organizational culture?
- a) Adaptation
 - b) Revolution
 - c) Evolution
 - d) Reconstruction
15. In a stable environment, where incremental cultural shifts are possible over time without disruption, which type of change is most appropriate?
- a) Reconstruction
 - b) Adaptation
 - c) Evolution
 - d) Revolution
16. In the context of the BCG Matrix and competitor analysis, how should a firm approach a product classified as a "Star," which operates in a high-growth market with a high relative market share?
- a) The firm should focus on maintaining its dominant position through aggressive marketing and innovation, while also analyzing competitors' strategies to leverage its strong market position.
 - b) The firm should consider divesting the product to free up resources for other ventures, despite the product's high market share, while conducting a competitor analysis to ensure this decision aligns with market trends.
 - c) The firm should continue investing in the product to capitalize on its growth potential, while closely monitoring competitors' movements and market dynamics to adapt its strategy accordingly.
 - d) The firm should reduce investment in the product and shift focus to lower-growth markets, even though the product has high market share, while evaluating competitors' positions to reassess strategic priorities.
17. A company focused on exploiting its core competencies, rather than creating entirely new products or services, is most likely implementing:
- a) Diversification
 - b) Vertical integration
 - c) Core competence strategy
 - d) Market penetration

18. When evaluating a strategy's acceptability, the primary focus is on:
- a) The reaction of stakeholders and financial returns
 - b) Whether it fits the company's mission and values
 - c) The competitive advantage it generates
 - d) The cost of implementing the strategy
19. When evaluating a company's strategic initiatives in relation to its mission statement, how should the company address products that have low stakeholder interest and limited growth potential?
- a) Reallocate resources from these products to areas with higher stakeholder interest and alignment with the mission.
 - b) Invest significantly in these products to increase their market share, even if they currently show limited potential.
 - c) Focus on short-term profitability from these products while realigning the mission to better reflect current market realities.
 - d) Continue with minimal investment in these products, while considering a revision of the mission to better suit the existing product mix.
20. A manager initiates a strategic adjustment to address evolving competitive threats while maintaining the core cultural values of the organization. This type of change is most accurately characterized as:
- a) Incremental Adjustment – Fine-tuning strategic elements to better fit with shifting market conditions, while ensuring that foundational cultural principles remain intact.
 - b) Strategic Realignment – Modifying strategic direction and associated processes to counter competitive pressures, without overhauling the underlying organizational ethos.
 - c) Cultural Reinforcement – Implementing strategic changes that reinforce existing cultural norms to respond to competitive challenges, ensuring minimal disruption to established values.
 - d) Operational Overhaul – Revamping both strategic approach and operational procedures extensively to meet competitive threats, while preserving the overall cultural framework of the organization.

PART II (Essay Question)

- a) Briefly identify **three** ways an organization can apply Porter's Generic Strategies. **(6 marks)**
- b) Describe two roles "Strategic Capabilities" in determining a firm's competitive advantage?
(4 marks)

SECTION B (select any two questions)

QUESTION TWO

- a) Explain **two** benefits of the BCG Matrix in an organization that is looking to optimize its product portfolio. **(6 marks)**
- b) Briefly discuss **three** ways a business can integrate the Balanced Scorecard to enhance strategic decision-making. **(9 marks)**

TOTAL 15 MARKS

QUESTION THREE

A mid-sized technology company, TechInnovate, is facing stagnant growth and declining market share. To address these challenges and rejuvenate the company's performance, the leadership team decides to implement a major organizational change. This change aims to revitalize the company's culture, streamline operations, and enhance employee engagement. To guide this transformation, TechInnovate opts to follow Lewin's Change Model.

- a) Apply each stage of Lewin's Change Model to the above scenario to explain how the company can implement each stage to effectively manage the organizational change process. **(6 marks)**
- b) Using the suitability, feasibility, and acceptability matrix, evaluate **three** ways TechInnovate's proposed organizational change aligns with these criteria. **(9 marks)**

TOTAL 15 MARKS

QUESTION FOUR

- a) Discuss **three** ways in which integrating the four manifestations of leadership can enhance Cultural Intelligence. **(9 marks)**
- b) Discuss **two** factors that determine the appropriate type of change for an organization. **(6 marks)**

TOTAL 15 MARKS

QUESTION FIVE

Discuss **five** ways the value chain analysis can help an organization achieve operational efficiency. **(15 Marks)**

TOTAL 15 MARKS