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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2018/2019 ACADEMIC YEAR ONE**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

**COURSE CODE: MBA 814**

**COURSE TITLE: STRATEGIC MANAGEMENT**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 12/04/19 TIME: 2.00-4.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of THREE (3) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

USING COOPERATIVE STRATEGIES AT IBM

A company widely known throughout the world, IBM’s 350,000 and more employees design, manufacture, sell, and service advanced information technologies such as computer systems, storage systems, software, and microelectronics. The firm’s extensive lineup of products and services is grouped into three core business units— Systems and Financing, Software, and Services.

As is true for all companies, IBM uses three means to grow—internal developments (primarily through innovation), mergers and acquisitions (such as IBM’s recent purchase of Internet Security Systems to boost its ability to deliver security solutions to corporations), and cooperative strategies. By cooperating with other companies, IBM is able to leverage its core competencies to grow and improve its performance. Through cooperative strategies (e.g., strategic alliances and joint ventures), IBM finds itself working with a variety of firms in order to deliver products and services.

However, IBM has specific performance-related objectives it wants to accomplish as it engages in an array of cooperative arrangements. Some of the firm’s cooperative relationships are with competitors. (Actually, deciding to cooperate with a competitor in order to compete in a particular market or market segment is becoming increasingly common.) In late 2007, IBM teamed with longtime computing rival Sun Microsystems. Expectations for this corporate-level cooperative strategy were high in that executives in the two companies labeled it a “comprehensive relationship” that represented a “tectonic shift in the market landscape.” Essentially, the firms intended to cooperate on server technologies so that Sun’s Solaris operating system could run on IBM’s servers and eventually on its mainframes. Gaining ground on Hewlett-Packard in the battle for leadership in the global server market is a key objective for this cooperative arrangement.

In other instances, IBM cooperates with companies to serve the needs of certain-sized firms. For example, IBM’s collaboration with SAP (the world’s leading provider of business software) seeks to serve the needs that midsized companies in 12 countries have for world-class business applications built on reliable infrastructures.

An estimated 80 million small and midsized firms on a global basis can benefit from the joint services of IBM and SAP. These possibilities from working together support the firms’ intention of expanding their cooperative relationship. IBM also has a global alliance with Lenovo, the company that purchased its personal computer (PC) business. With a focus on firms in certain industries (health care, financial services, education, retail, and government), IBM and Lenovo are cooperating to deliver end-to-end technology solutions to solve customers’ problems. Some of IBM’s cooperative arrangements such as the one with Cisco Systems are long-lived. The partners in this strategic alliance, formed in 1997, focus on providing solutions and services to help customers “transform” their businesses by using competitive advantages that result from the interactions of IBM and Cisco personnel.

As one might anticipate, a firm, the size and diversity of IBM is involved with a number of cooperative relationships such as those already mentioned. Given the challenges associated with achieving and maintaining superior performance, and in light of its general success with cooperative relationships, one might anticipate that IBM will continue to use cooperative strategies as a path toward growth and enhanced performance.

1. Define and outline three types of strategic alliances as used by IBM on the above case. **(4 Marks)**
2. Explain any four cooperative strategy risks confronted by IBM. **(4 Marks)**
3. Name the business-level cooperative strategies employed by IBM and describe their use **(6 Marks)**
4. Outline the use of corporate-level cooperative strategies in diversified firms like IBM. **(6 Marks)**

**QUESTION TWO**

1. Define and distinguish between strategy and tactics (**5 Marks)**
2. Describe any five elements of strategic decisions **(5 Marks)**
3. Discuss Porters five forces Model of competitive advantage of the firm (**10 Marks)**

**QUESTION THREE**

1. Explain the importance of goal setting **(5 Marks)**
2. Describe any five reasons which to your opinion make it difficult to apply strategic management in non-profit organization **(5 Marks)**
3. Discuss in detail five tools or approaches you may use while carrying out environmental scanning **(10 Marks)**

**QUESTION FOUR**

1. Outline various stages of strategic decision making process **(4 Marks)**
2. Define and differentiate between mergers and acquisitions **(6 Marks)**
3. Explain in detail the need and importance of strategy formulation, implementation and management **(10 Marks)**

**QUESTION FIVE**

1. Outline the various levels of strategy formulation **(4 Marks)**
2. Explain the limitations of strategic management **(6 Marks)**
3. Discuss the challenges associated with business process outsourcing in a globalised firm **(10 Marks)**