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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR FOUR**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 462**

**COURSE TITLE: STRATEGIC MANAGEMENT**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 24/08/2021 TIME: 09.00-11.00 AM**

**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)**

Read the case study below and answer the questions that follow

IKEA was founded in 1943 by a 17-year old Swede named Ingvar Kamprad. IKEA is a retail titan in home furnishings and global phenomenon with remarkable levels of devotion from its customers. IKEA’s vision is “to create a better everyday life for the many people”. Its Mission of proving value is predicted on its founder’s statement that “People have very thin wallets. We should take care of their interests”. IKEA adheres to this philosophy by reducing prices across its products by 2 - 3% annually. Its focus on value also benefits the bottom line: IKEA enjoys 10% margins higher than its competitors. IKEA sources its products from multiple companies all over the world rather than from handful suppliers as other furniture retailers do. This ensures lowest prices possible, and savings that are passed on the consumer. By 2012 IKEA was working with approximately 1,300 suppliers from 53 countries.

IKEA achieved its level of success by offering a unique value proposition to customers: leading-edge Scandinavian design at extremely low prices. IKEA is able to offer such low prices in part because most items come boxed and require the customer to completely assemble them at home. This strategy results in cheaper and easier transportation as well as more efficient use of store shelf-space. The assemble-it-yourself idea is extremely popular with young adults just beginning their career lives while the older folks are extremely unhappy hardly ordering anything from IKEA.

IKEA stores are located a good distance from most city centres which help keep land costs down and taxes low. They save energy with low-wattage lightbulbs and have unusually long hours of operation. IKEA provides almost nil customer care to its customers, who have to read instructions online, pick up desired items in flat boxes and load them into their transport. IKEA hires minimal number of workers because customers do-it themselves. It pays its workers relatively lower wages but allows its workers to periodically reside in their cars parked around IKEA’s vast compounds. Many IKEA products are sold uniformly throughout the world.

1. Identify
2. IKEA’s Chief Strategist [1 Mark]
3. IKEA’s Vision Orientation [1 Mark]
4. IKEA’s philosophy [1 Mark]
5. IKEA’s trade-off [1 Mark]
6. With specific examples from the case, identify and explain IKEA’s Competitive Advantage [6 Marks]
7. IKEA’s business strategy is well known by its competitors but it is almost impossible to imitate, why? [4 Marks]
8. With examples from the case, describe how any three fields of IKEA’s Value Chain Analysis do support its strategy. [ 6 Marks]
9. Describe any two types of Corporate Social Responsibility strategies any organisation could tap from. [4 Marks]
10. Explain why many Companies formulate great Business Strategies but terribly fail to implement them. [2 Marks]
11. Strategic Management is generally not well understood by many Business Executives who easily confuse it with efficiency and best performances. Briefly highlight any four broad concepts upon which Strategic Management is built. [ 4 Marks]

**QUESTION TWO**

1. Explain why Strategic Management is becoming important discipline of study for Business Managers. [ 4 Marks]
2. “*One day, all children in this country will have opportunity to attain an excellent education”* by identifying the statement, describe any four characteristics of such a superior Statement. [8 Marks]
3. With relevant examples, describe any four features of a model used to analyse macro environment in search of a strategy. [8 Marks]

**QUESTION THREE**

1. According to Rothoermel (2017), strategy is a set of goal-oriented actions an organisation takes to gain and sustain a superior performance relative to its competitors. However, many Company Executives routinely confuse it with operational excellence or best operations. Given this, then:
2. Discuss any four ideas that strategy is-not. [8 Marks]
3. Describe any three attributes of a good strategy. [6 Marks]
4. Highlighting specific examples, explain any three factors of SWOT Framework used in development of a Strategic Plan. [6 Marks]

**QUESTION FOUR**

1. Discuss the five phases outlining the Implementation of a Strategy. [10 Marks]
2. Describe any two diversification strategies at the exposal of any organisation. [4 Marks]
3. Explain three key features of a Balanced Score Card. [6 marks]

**QUESTION FIVE**

1. In search for strategy, many analysts have embraced Porter’s 5-Forces as superior model.
2. In what environment is the model most appropriate. [2 Marks]
3. Describe three Entry Barriers that work in favour of incumbent organisations. [6 Marks]
4. Describe any three factors that would raise the bargaining power of suppliers. [6 Marks]
5. Explain any three strengths of the Coca Cola Company. [6 Marks]