



GARISSA UNIVERSITY

UNIVERSITY EXAMINATION **2017/2018** ACADEMIC YEAR **ONE**
FIRST SEMESTER EXAMINATION

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION

COURSE CODE: MBA 867

COURSE TITLE: BUSINESS STRATEGIC BEHAVIOUR

EXAMINATION DURATION: 3 HOURS

DATE: 13/12/17

TIME: 09.00-12.00 PM

INSTRUCTION TO CANDIDATES

- The examination has FIVE (5) questions
- Question ONE (1) is COMPULSORY
- Choose any other THREE (3) 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 following case and answer the questions that follow it.

WAL-MART COMPANY LIMITED.

As Wal-Mart puts in its mission statement, “we think of ourselves as buyers for our considerable strengths to get the best value for you; how does Wal-Mart provide the most value for its customers? By keeping its cost to a minimum so that it can charge lower prices than its competitors. And it achieves this through the fits its managers have achieved between its business and functional level strategies. Sam Walton, the company founders, chose the business level to increase efficiency and lower cost. One business level strategy he implemented was to locate his stores outside large cities in small towns, where there were no low cost competitors; a second was to find ways to manage the value chain to reduce the cost of getting products from manufacturers to customers and a third was to design and staff store operation to increase efficiency.

From the beginning, Wal-Mart has chosen low product differentiation and minimal advertising, targeting the customers to attract the mass market. In targeting the average customers, Wal-Mart's managers strive to provide the least number of products that will be desired by the highest number of customers, something at the heart of Wal-Mart's approach to stocking its stores. Similarly, Wal-Mart does not spend hundreds of millions of dollars on store design to create an attractive shopping experiences, as chains like Macy's, Dillard's, and Saks Fifth Avenue have done; its stores are bare bones and offer a minimum of customers service.

At the functional level, Wal-Mart has developed distinctive competencies in the function that contribute most to lowering its costs. At Wal-Mart, this is the cost of purchasing products, so the logistics or materials management function is of central importance. Wal-Mart has taken advantages of advances in IT lower costs associated with getting with goods from manufacturers to customers and is leader in development and in introduction of cost lowering IT innovations such as radio frequency tag (RFT) through which it can track its innovations. Indeed, given that the use of these RFTs lower its inventory cost by 5% Wal-Mart told its suppliers that unless they agree to use them it would no longer purchase their products.

Today the task of all functional managers in logistics, materials management, sales and customers service is to implement specific functional – level strategies that support its low cost, low price business strategy. Over time, Wal-Mart has chosen to utilize its cost cutting skills to develop new kinds of products such as groceries and appliances, and its sales have boomed. It has chosen to expand abroad and apply its skills in new countries as we discuss in later chapter.



Required

- i. Discuss the main sources of competitive advantage Wal-Mart in its industry [10 Marks]
- ii. Suggest the strategies the organization can use in order to maintain a customer oriented strategy behavior [15 Marks]
- iii. Relate the provision of Resource based view of strategy (RBV) to the experiences of Wal-Mart in this industry [15 Marks]

QUESTION TWO

- (a) Distinguish between friendly and hostile takeovers and explain the strategic behaviors and consequences of firms that engage in this growth orientation. [10 Marks]
- (b) Discuss why firms engage in joint ventures while giving their pros and cons [10 Marks]

QUESTION THREE

Discus the characteristics and behaviors of defenders, prospectors analyzers and reactors as suggested by the miles and snow topology [20 Marks]

QUESTION FOUR

- (a) Compare and contrast the strategic behavior of firms that are competitive and those that are entrepreneurial or innovative in nature using Kenyan examples. [12 Marks]
- (b) Critically examine how firms in the telecommunication industry can grow using backward and forward integration strategies in the Kenyan context. [8 Marks]

QUESTION FIVE

- (a) Distinguish between cooperative and non-cooperative strategic behavior [5 Marks]
- (b) Discuss the significance of total quality management and its implication to performance of firms within the service industry in Kenya. [15 Marks]

