



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR FIRST SEMESTER EXAMINATION FOR

DOCTOR OF PHILOSOPHY IN BUSINESS

BBA 926: THEORETICAL FOUNDATIONS OF STRATEGIC MANAGEMENT

DATE: 4/12/2019

TIME: 9.00-12.00 PM

INSTRUCTIONS:

- i. Answer questions ONE and any other THREE questions. In total answer FOUR questions.
- ii. Question ONE carries 30 marks in total while the rest of the questions accounts for 20 marks each.
- iii. Use of relevant examples and real life cases is encouraged.

QUESTION ONE (30 MARKS)

Read the case scenario below and attend to the questions that follow.

CASE: CEO CHALLENGE 2014

While the economic and business environments remain challenging in most places around the world, the 2014 edition of The CEO Challenge survey finds business leaders across the globe more focused on their business performance than in earlier years. Creating a performance-based management system, developing new skills, and engaging their people across the ranks and across the enterprise are their focus as they strive to reshape workplace culture to improve competitiveness, win new customers, and raise Productivity.

The survey results show CEOs are zeroed in on not only what gets done but more importantly how things get done; they are willing to take a hard look at their own organizational culture to ensure engagement, accountability, customer-centricity, agility, and ultimately outstanding performance. Many are seeking strong business leadership that is able to drive change and are not afraid to boldly innovate in a performance-focused environment. They also see a renewed commitment to customers and the corporate brand as keys to driving enterprise growth even in what promises to be a slow global growth environment for some time to come. And to accomplish this, they recognize the importance of developing an engaged workforce and a diverse and accountable leadership team.

A report by the Conference Board, the *DNA of Leaders; Leadership Development Secrets* further indicates that organizations known for consistently developing great managers have in common a clarity of vision about what strong leaders need to be and do that is intricately linked to core values; a deeply involved senior management team; holistic, systematic processes and a dedicated leadership who lead the hard work of managing organizations in a turbulent environment. These organizations have a clarity and consistency about the kind of leaders they must develop, they review and continually update their management models to meet changing business needs, and most have “refreshed” their management models within the past three years. They identify, develop, and consistently drive adherence to core behaviors and competencies expected by leaders.

(The conference Board; CEO Challenge 2014)

REQUIRED

- a) With reference to the case, discuss the relevance of institutional theory in shaping modern business enterprises (10 marks)
- b) Using the case and citing relevant theoretical postulations, discuss the importance of stakeholder view of a firm for business success. (10 marks)
- c) With reference to the case and citing real business situations, discuss the perceived theoretical link between leadership and enterprise performance. (10 marks)

QUESTION TWO (20 MARKS)

- a) Corporate governance as concept and practice has become of age across sectors and markets. Make a discussion on why this is being given critical attention across markets and institutions. (8 marks)
- b) Citing appropriate examples, discuss how the following theories can inform and shape the corporate governance practices.
 - i. Agency theory (6 marks)
 - ii. Stewardship theory (6 marks)

QUESTION THREE (20 MARKS)

Discuss the adequacy of the following frameworks in aiding the scanning and analysis of business environment as a precursor to strategic decisions making.

- a) Michael Porter’s five forces (8 marks)
- b) PESTEL analysis (6 marks)
- c) SWOT analysis (6 marks)

QUESTION FOUR (20 MARKS)

“Organizations possess a range of resources which are expected to aid in the realization of their respective organizational success”.

- a) With reference to the Resource Based Approach to Strategy Analysis as fronted by Robert Grant discuss the above statement. (10 marks)
- b) Citing various real business situations, explain and discuss how various corporations or business enterprises have used such resources to achieve and sustain their competitive advantage. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Provide a discussion on the implications of stakeholder theory for
 - i) Strategy making and strategy execution (5 marks)
 - ii) Managing for organizational effectiveness (5 marks)
- b) Kaplan and Norton describe the innovation of the balanced scorecard as follows: "The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation."
Discuss the unique business significance of embracement of the concept and practice of the balanced scorecard for modern managers in comparison to other performance management systems. (10 marks)