PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP BUSINESS AND TECHNOLOGY
END OF SEMESTER EXAMINATION FOR THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

SEPTEMBER – DECEMBER 2017

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS STUDIES

COURSE CODE: MBA509

COURSE TITLE: STRATEGIC MANAGEMENT

EXAM DATE: FRIDAY 8th DECEMBER 2017

TIME: 9.00AM-12.00PM

INSTRUCTIONS

- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.
- **Answer question 1 and any other FOUR questions in Section**
- *ALL PAC University's examination rules and regulations apply.*

Question One (Compulsory)

An Outsider from Brazil Facilitates Change at Nissan

In 1999, Renault assumed $5.4 billion of Nissan's debt in return for 36.6 percent of Nissan's equity, giving it a controlling stake in the Japanese automaker. However, Nissan was struggling with shrinking market share at home and abroad. Carlos Ghosn was asked to lead a turnaround for the Japanese carmaker, despite the cultural challenge of being an outsider in the homogeneous Japanese culture. He was able to win over key Japanese inside managers necessary to implement his plan as well as suppliers and labor leaders who might have been expected to resist more intensely. Furthermore, the car designs created under Ghosn's leadership had much more flare than in the recent past. As a result, in 2001, Nissan posted a profit of $2.7 billion—the largest in its 68 year history and the firm's first annual profit in 4 years. How did Ghosn do it? For starters, he charged ItaruKoeda with the task of drastic cost reduction with specific targets and tactics. To accomplish this, Ghosn brought together a younger set of Nissan managers, which is unusual in Japan. Next, he changed the way the supply chain was managed by reducing the number of suppliers and, at the same time, sought to create deeper partnerships with them. To fund the new way of managing the supply chain, Ghosn dismantled the cross-shareholding associated with their keiretsu investments, which allowed suppliers to specialize in what they do best and became part of cross-functional teams for new model development. Ghosn also closed a number of plants, working as best he could within Japan's emphasis on lifetime employment.

Required

a**)** Giving specific examples identify and explain any four types of strategies that Carlos Ghosn instituted. (12 marks)

b) Discuss the mechanisms Ghosn put in place to avert resistance to change in order to achieve the set targets? (12 marks)

c) Explain the management skills Carlos Ghosn used to turn around Nissan. (8 marks)

d) Describe the key areas in which Ghosn set organizational objectives in order to turn around the company (8 marks)

Question Two

In relation to Business Strategy, discuss Michaels Porter's five forces model and its relevance to firms that operate in Kenya. (15 marks)

Question Three

a) "Structure follows strategy." Discuss this statement by use of four strategy examples. (8marks)

b) Give an outline of seven stakeholders in a firm and the interest that each has in the firm. (7marks)

Question Four

a) Highlight five impediments to successful strategy implementation.(5 marks)
b) Explain five corporate culture characteristics that would encourage an entrepreneurial orientation in an organization (10 marks)

Question Five

a) Mission statement outlines the purpose for which, or why, an organization exists. Justify the necessity of organizational mission. (9 marks)
b) The balanced scorecard is widely used as a set of performance targets for controlling organizations' performance. Describe the contents of each of the perspectives of the balanced scorecard. (6 marks)

Question Six

a) Strategy evaluation and control performs the crucial task of keeping the organization on the right track. In the absence of such a mechanism, there would be no means for strategists to find out whether or not the strategy is producing the desired effect. Discuss seven requirements for effective evaluation and control. (15 marks)