PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

MAY-AUGUST

CAMPUS: ROYSAMBU-ON-LINE

DEPARTMENT: BUSINESS STUDIES

COURSE CODE: STM 601

COURSE TITLE: CORPORATE STRATEGY

EXAM DATE: AUGUST 2022

TIME: 5.30PM- 8.30PM

INSTRUCTIONS

- Read all questions carefully before attempting.
- Answer question 1 and any other three questions.

SECTION A: Question One (Compulsory)

The Central Bank of Kenya (CBK) announced that Diamond Trust Bank Kenya Limited (DTB) had acquired 100 percent of Habib Bank Limited Kenya (HBLK), effective August 1, 2017. HBLK was fully owned by Habib Bank Limited (HBL) whose head office is based in Pakistan. HBL is an existing shareholder in DTB. This acquisition followed CBK's approval on June 21, 2017, for HBL to acquire an additional 4.18 percent shareholding in DTB under section 13 (4) of the Banking Act, as a consideration for the acquisition. Subsequently, approval was granted by the Cabinet Secretary, National Treasury on July 7, 2017, for DTB to acquire the Business, Assets and Liabilities of HBLK as provided under Section 9 of the Banking Act. Consequently, effective August 1, 2017, HBLK ceased to be a bank licensed by CBK, and its rights and obligations were taken up by DTB. All HBLK stakeholders including depositors, borrowers, employees, and creditors were to continue their relationships with DTB. DTB was licensed in 1997, and was ranked 6th in terms of market share as at May 31, 2017, with 63 branches. HBLK was licensed in 1956, and was ranked 33rd in terms of market share as at May 31, 2017, with 5 branches. Taken together, they had a combined market share of about 6 percent as at May 31, 2017. DTB has a banking presence in Kenya, Uganda, Burundi and Tanzania, and is listed at the Nairobi Securities Exchange.

Required:

a) Explain how a corporate level strategy could have enhanced the performance of HBLK Bank prior to its acquisition by DTB Bank. (4 marks)

b) Describe the key the steps followed by firms like DTB in generating their corporate level strategy and remaining afloat in the turbulent global market (6 marks)

SECTION B: Answer any three Questions

Question Two

a) Citing relevant examples, briefly outline four strategies firms are using to bounce back from the effects of the Covid-19 pandemic (4 marks)
b) Assess the role played by management in strategy formulation (6 marks)

Question Three

a) Briefly outline four limitations to portfolio planning (4 marks)

b) Discuss the application of the Boston Consulting Group matrix portfolio planning (6 marks)

Question Four

a) Briefly outline four reasons why firms use diversification as a growth strategy (4 marks)
b) Discuss three forms of diversification strategies used by firms to create value (6marks)

Question Five

a) Discuss the importance of internal firm organization in fostering business success (4Marks)

b) Explain how firms attain a competitive edge over their competitors .Cite relevant examples. (6 marks)

Question Six

a) Describe four characteristics of a parent company (4 marks)

b) Assess the role played by a parent company in managing a multi-firm business

(6 marks)

THE END