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 2024

TIME: 6:00PM- 9:00 PM

INSTRUCTIONS

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

SECTION A: Question One (Compulsory)

Porsche currently is one of the most renowned auto manufacturers in the world. In the early 1990s Porsche found itself on the brink of bankruptcy due to inefficient production methods that focused on engineering and design above consumer needs. The German auto manufacturer's newly appointed CEO Wendelin Wiedeking remade the company by employing a strategy focused on Japanese manufacturing concepts to improve efficiency and launching new products to increase market appeal. Vehicles like the 911 (midsize premium sport vehicle), Boxster (compact, premium sport vehicle), and Cayman (premium sport coupe) targeted a very specific upscale market, allowing the company to focus its brand and value proposition on this segment of consumers. Additionally, the company introduced new products like the Cayenne (one of the first luxury sport SUVs) targeting wealthy consumers in the market for a luxurious four-door sport vehicle. This carefully designed and brilliantly executed strategy resulted in highest profit margins across the industry (~15%), comparatively other players found themselves far behind in terms of profitability (2016 numbers) e.g. Mercedes (~7%) or Hyundai (~4%).It is interesting to know that Porsche's profitability is by far higher than that of its parent company, Volkswagen.

Required:

a) Explain the role of corporate level strategy in firm performance as applied by the CEO of Porsche Wendelin Wiedeking (4 marks)

b) Describe the key the steps Porsche company followed in generating its turnaround strategy by highlighting the specific type of strategy chosen (6 marks)

SECTION B: Answer any three Questions

Question Two

a) The economic meltdown being experienced globally has not spared any firm regardless of size and level of operation. Citing relevant examples, briefly outline four strategies firms are using to bounce back from this global turbulence. (4 marks)

b) Stakeholder involvement is key to strategy formulation. Assess the role played by the management in successful strategy implementation (6 marks)

Question Three

a) A portfolio is a collection of products, services, and other company divisions. Briefly outline four limitations to portfolio planning in the face of rising operation costs globally. (4 marks)

b) The Boston Consulting Group (BCG) Matrix is one of the most popular portfolio analysis methods. Discuss the application of the BCG matrix portfolio planning in evaluating a firm's strategic position. (6 marks)

Question Four

a) Diversification strategy is a common phenomenon in agile firms. 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 citing relevant examples (6marks)

Question Five

a) Internal factors can affect how a company meets its objectives .Discuss the importance of internal firm organization in fostering business success (4Marks)

b) The Global business environment is awash with competitors. Explain how firms attain a competitive edge over their competitors'. .Cite relevant examples. (6 marks)

Question Six

a) Parent companies can be directly involved in the management of their subsidiaries, or they can have a more hands-off approach. Describe four characteristics of a parent company citing relevant examples (4 marks)

b) Assess the challenges faced by parent companies in managing a multi-firm businesses (6 marks)

THE END