



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY-APRIL 2025 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCBA 403

COURSE TITLE: STRATEGIC MANAGEMENT

DATE: APRIL 2025

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **TWO** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: *All exam rooms are under CCTV surveillance during the examination period.*

SECTION A: COMPULSORY

Question One

CHRYSLER COMPETITIVE IN THE 1990s In the 1980s, Lee Iacocca became a legend by rescuing Chrysler Corporation from bankruptcy. Today, Chrysler faces another challenge; surviving the heated competition and predicted overcapacity of the world car industry. To respond to this crisis and compete successfully, Chrysler must overcome major problems first, the production overcapacity of the world car industry means that all car manufacturers will be fighting to maintain or increase their Market shares. Not only have U.S companies invested to improve their efficiency, Japanese auto makers continue to build factories in America, thereby contributing to the problem. In addition, European and Korean producers want to increase their penetration of U.S makers. To respond to these threats, Chrysler plans to do whatever is necessary to buy additional Market share. Iacocca recognized that price cuts in some models were required and re-instituted generous rebates and other incentives to lure customers to Chrysler show-rooms. However, Iacocca and Chrysler realized that price is the only way to gain more buyers. In fact, it is not the best way, particularly over the long term. Instead, Chrysler must solve its second problem: improving cars it produces, in terms of both quality and performance. Iacocca acknowledges he made a mistake by focusing primarily on Marketing and finance while delegating products development to others. Also, Chrysler must emphasize high standards for the service provided to customers after sale. Industry analysts agree that excellent customer service is essential in a glutted Market. A third major problem for Iacocca was merging American Motors Corporation (AMC) with Chrysler's operations. The merger meant Chrysler had to lay off many other employees, both blue and white collar. The remaining employees' responses to these layoffs ranged from outrage to fear. This placed great pressure on Chrysler management to work closely with labour to avoid unrest and ensure quality and productivity. To survive, Chrysler recognized that managers and employees from all parts of the firm (design, Marketing, engineering and production) must work together as a team to develop and manufacture quality products that match the wants of buyers. Chrysler's future is also based on its ability to improve efficiency. Today, Chrysler is focusing on cutting costs, improving the quality and speed of product development with a teamwork approach and developing better relations with suppliers and customers. Iacocca is not retired as chair; some analysts foresee hard times for Chrysler. Chrysler has one big advantage, it has been in a crisis before, and it survived and turned around. Thus, it can learn from its past.

Required

- a). Explore how Chrysler Adopted Michael Porter's Generic strategies to gain a competitive advantage over its competitors. **[9 Marks]**
- b). Describe the main process that Chrysler Manager would follow to formulate the best strategy for its strategic survival. **[12 Marks]**
- c). Examine the main strategies that Chrysler managers ought to formulate in the above process **[9 Marks]**

SECTION B: ANSWER ANY TWO QUESTIONS

Question Two

- a) Strategic decisions have a number of dimensions. The dimensions define the importance of Strategic management. Discuss 5 of the strategic decision dimensions. **[10 Marks]**
- b) Retrenchment is a strategy that few managers would have wanted to associate with some years back, unlike nowadays when it is frequently applied by organizations. Explain the circumstances under which this strategy is applied. **[10 Marks]**

Question three

- a) The value chain model has been presented as one of the best framework of explaining how quality is added to products by organization. Discuss the key activities in the value chain logistics. **[10 Marks]**
- b) Define a Vision and clearly explain the various features of a good vision statement. **[10 Marks]**

Question Four

- a) Discuss the various corporate level strategies that can be adopted for growth and Expansion of the organization, with the help of practical examples. **[8 Marks]**
- b) **SWOT** analysis is a strategic tool for managers that helps them understand the status of internal and external environment. Use a Greta University to explain this models **[12 Marks]**

Question five

- a) Explain the term Corporate Governance as used in Modern Management practice outline the key principals of corporate governance. **[10 Marks]**
- b) Discuss the concept of total quality Management and the need for quality management. **[10 Marks]**