

The
Management
University
of Africa



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POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS
ADMINISTRATION

DSM 901: THEORIES OF STRATEGIC MANAGEMENT

DATE: 8TH AUGUST 2024

DURATION: 3 HOURS

MAXIMUM MARKS: 50

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is **compulsory**.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **10 MARKS** each.
7. Write all your answers in the Examination answer booklet provided

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

RESOURCES AND CAPABILITIES IN THE AFRICAN CONTEXT

The role of resources and capabilities as drivers of organizational effectiveness is a keystone in resource-based theories (Barney, 2001). From a resource-based view, organizations achieve sustained competitive advantage through firm-specific resources and capabilities. While resource-based research focusing on Africa has been sparse, it is emerging and holds great potential. It is believed that four major types of resources and capabilities can influence organizational effectiveness through their value-creating potential. Within the formal economy, resources range from human resources to management capabilities. The profusion of relatively cheap labor in Africa suggests that manufacturing, service, and agricultural organizations can achieve their objectives efficiently. However, superior human resources associated with advanced educational systems unfortunately are lacking in Africa because of the low level of educational systems and the lack of training mechanisms. Oyelaran-Oyeyinka and Barclay (2004) suggested that the colonial origin of skewed schooling enrollment is at variance with the industrialization objective of modern African economies.

Financial resources in the form of cash reserves and securities are essential for the functioning of organizations, particularly those in the formal sector. Consequently, African economies are establishing mechanisms (e.g., stock exchanges) that enable organizations to develop capitalization and financial securitization mechanisms, albeit slowly. Firms in the formal sector often depend on banks for funding and use risk-management mechanisms such as hedging and cash reservation as well as collateralization and capitalization devices such as the stock market. However, due to mismanagement and underdevelopment of stock markets, many firms are neither able to build cash reserves nor use securitization effectively. Formal financial resources alone therefore are unlikely to enable organizations in the formal sector to be effective. Appropriate technological resources can supplement financial resources. Technological resources are crucial for organizations in the formal sector. In developed economies, exemplified by copyrights and patented mechanisms,

formal technologies manifest through highly developed technical processes, systems, and mechanisms of manufacturing organizations. Unfortunately, such technologies are limited or sparse in Africa because of the low level of industrialization, the underdevelopment of mechanisms to support such technologies, and the high cost of establishing, maintaining, and utilizing them. Organizations therefore have to supplement or substitute such resources with management capabilities. Capabilities in the form of executive or managerial leadership and structures affect organizational outcomes. Sadly, there is a shortfall of not only management capabilities but also human, financial, and technological resources in the formal sector. The shortfall limits the effectiveness of African organizations, and necessitates resources from the informal sector (Woldu, 2015).

Required:

- a) Using the tenets of resource-based view, evaluate **five** ways in which the African continent can develop a superior human resource **(10 Marks)**
- b) Prudent management of financial resources are paramount in the realization of a firm's profit-maximization goal. From the case study, analyze **five** financial-related challenges facing African organizations in realizing this goal **(10 Marks)**
- c) As organizations strive to survive in the current turbulent environment, the need for technological resources is apparent. Examine **five** reasons as to why technological resources are limited or sparse in Africa **(10 Marks)**

QUESTION TWO

- a) Giving relevant examples, describe the agency theory as used in management research **(5 Marks)**
- b) Assess **five** ways in which managers can use contingency theory to manage their organizations **(5 Marks)**

QUESTION THREE

- a) Using transaction costs economic theory, discuss **five** characteristics of transactions (5 Marks)
- b) Analyze any **five** tenets of resource dependency theory (5 Marks)

QUESTION FOUR

- a) Drawing from knowledge-based view, evaluate **five** benefits of effectively managing knowledge resources (5 Marks)
- b) Examine any **five** assumptions of game theory (5 Marks)