POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF BUSINESS ADMINISTRATION

BFO 506: BANKING AND DEVELOPMENT

DATE: 27TH JULY 2026

DURATION: 3 HOURS

MAXIMUM MARKS: 60

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 **15 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:

THE STRATEGIC TRANSFORMATION OF EASTWAVE MANUFACTURING LTD

EastWave Manufacturing Ltd is a medium-sized manufacturing company operating in East Africa. The company specializes in producing household plastic products such as containers, water tanks, and packaging materials. For several years, EastWave enjoyed market dominance due to affordable pricing and strong regional distribution networks.

However, the business environment has changed significantly over the last decade. Increased globalization has introduced cheaper imported products into the market, reducing EastWave's market share. Customers have also become more sensitive to product quality, environmental sustainability, and innovation. Competitors are increasingly adopting modern technologies, digital marketing, and automated production systems to improve efficiency and customer satisfaction.

Internally, EastWave has experienced operational inefficiencies, rising production costs, and declining employee morale. Some departments operate independently with minimal coordination, resulting in duplication of activities and delayed decision-making. Senior management has also been criticized for poor strategic communication and resistance to organizational change.

The company recently conducted an environmental analysis and identified several opportunities including regional market expansion, growing demand for environmentally friendly products, and increased adoption of e-commerce platforms. However, threats such as inflation, fluctuating exchange rates, political instability, and changing government regulations continue to affect business operations.

To address these challenges, EastWave's management team is considering introducing strategic reforms such as restructuring operations, investing in innovation, strengthening leadership, and adopting sustainable business practices. The company also plans to diversify product lines and establish partnerships with regional distributors and technology providers.

Despite these initiatives, implementation has been slow due to limited strategic planning skills, financial constraints, and resistance from some employees. Shareholders are demanding improved profitability and long-term sustainability, while employees fear job losses associated with automation and restructuring.

The board of directors has therefore hired you as a strategic management consultant to evaluate the company's strategic position and recommend practical strategies that can improve competitiveness, sustainability, and organizational performance noting that the company has received financial support from various financial institutions.

Required:

(a) Using evidence from the case study, analyze three internal and two external strategic challenges affecting EastWave Manufacturing Ltd **(10 Marks)**

(b) Evaluate five strategic financial management practices that EastWave Manufacturing Ltd can implement to improve competitiveness and long-term sustainability **(10 Marks)**

(c) Examine the importance of five aspects of strategic leadership and organizational change management in supporting the successful implementation of reforms in organizations like EastWave Manufacturing Ltd that has received support from financial institutions and development partners **(5 Marks)**

QUESTION TWO

(a) A business organization is experiencing declining financial performance due to increased competition and changing customer preferences. Using seven examples, demonstrate how environmental scanning can support decision making

(7 Marks)

(b) A local financial Institution intends to expand into international markets. Propose four practical strategies that can help the organization achieve market leadership and sustained growth.

(8 Marks)

QUESTION THREE

(a) A Commercial bank in Kenya has failed to achieve its financial objectives due to poor coordination between departments and ineffective communication. Examine five aspects of organizational structure and leadership that affects realization of financial objectives

(10 Marks)

(b) Using five practical examples, evaluate how SWOT analysis and Porter's Five Forces can assist commercial banks in strategic planning and competitive positioning

(5 Marks)

QUESTION FOUR

(a) A financial development partner is planning to diversify its operations into new product lines and markets. Analyze seven benefits associated with diversification

(7 Marks)

(b) The banking sector intends to adopt digital technologies and automation systems to improve efficiency. Develop four practical strategies that can minimize bank employee's resistance to digital transformation initiatives **(8 Marks)**