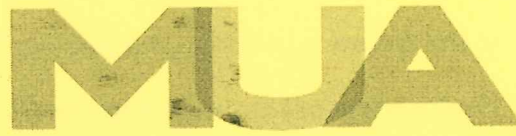


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**POST GRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

**MBA 511: STRATEGIC MANAGEMENT**

**DATE: 2<sup>ND</sup> APRIL 2024**

**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:

### **An Incident of Organizational Impropriety at a Security Company**

The case of Security Company's corporate scandal of 2002 focuses on the problem of unethical business practice and related issues. Security Company was a large organization that grew through numerous acquisitions. Security Company's case shows that the problem was the unethical business practices of a number of its top ranking officers, especially CEO Kawsyuki. Kawsyuki's materialistic desires pointed to greed for financial or material gains. These desires led him to commit illegal financial transactions at Security Company and also his avoidance of raising a red flag on his illegal activities at Security Company. Kawsyuki was involved in numerous financial transactions that were not included in the financial reports of the company. Kawsyuki was also involved in unethical transactions with other Security Company officers and lower ranking employees to cover up for Kawsyuki's illegal financial transactions. Kawsyuki even got outsiders involved in the problem when his second wife received money diverted from the firm. Court proceedings proved that Kawsyuki stole millions of dollars from Security Company, and that his illegal financial transactions were extensive. Kawsyuki and other officers from Security Company were imprisoned. Security Company declined as investors lost confidence in the company.

The unethical business practice of leaders was observed in Kawsyuki. Kawsyuki was the main actor in the financial troubles and legal battles in this case. Kawsyuki was the main recipient of the money stolen from Security Company. In addition, he was the main influential person who persuaded other top-ranking Security Company officers and lower ranking employees to get involved and to keep silent to cover up for Kawsyuki's illegal activities. This case shows that extensive involvement of Kawsyuki and other leaders in unethical and illegal activity brought Security Company down. It is also evident that Security Company's board of directors did not exercise its fiduciary duties to the **shareholders**. **Questions arise as to where and why** it failed and whether the directors receive prison sentences because of their irresponsible and unethical behaviors. It looks at management actions that not only violate public trust, but undermine the fabric of a democratic society. It is clear in the case that the principal characters not only behaved unethically and were socially

irresponsible, but also broke the law and misappropriated monies that should have been distributed to shareholders.

**Required:**

- a) Evaluate ethical and governance issues that led to the demise of Security Company. (12 marks)
- b) Describe roles of a board and evaluate how these roles were not exercised in this case to protect Security Company's shareholders assets. (8 marks)
- c) Examine the role ethics play in an organization. (10 marks)

**QUESTION TWO**

- a) Explain the term "strategy" and describe strategic management process. (10 marks)
- b) Describe the agency problem and offer four possible remedies to the agency problem. (5 marks)

**QUESTION THREE**

- a) Analyse Porter's Five Forces. (10 marks)
- b) Discuss the arguments of the Resource Based theory. (5 marks)

**QUESTION FOUR**

- a) Evaluate five strategic options for maturing industries. (5 marks)
- b) Examine five factors that contribute to successful strategy implementation. (5 marks)
- c) Analyse five characteristics of an effective evaluation systems. (5 marks)

