



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

**BFO 503: FINANCIAL INSTITUTIONS STRATEGIC MANAGEMENT**  
**DATE: 29<sup>TH</sup> 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 ENTREPRENEURIAL JOURNEY OF GREENLIFE ORGANICS LTD**

GreenLife Organics Ltd is a youth-led agribusiness enterprise established by three university graduates in Kenya. The business began as a small venture producing organic vegetables for local markets. Over time, the founders expanded operations to include food processing, packaging, and online distribution of organic food products to supermarkets, restaurants, and households.

The founders identified an increasing demand for healthy and environmentally friendly food products among urban consumers. Initially, the business operated with limited capital, relying mainly on personal savings and contributions from family members. Due to limited financing, the company faced challenges acquiring modern farming equipment, irrigation systems, and transport vehicles.

As demand increased, GreenLife Organics attempted to scale operations by entering regional markets within East Africa. However, expansion introduced new challenges such as increased competition, inconsistent supply chains, rising operational costs, and difficulties maintaining product quality standards. The business also struggled with cash flow management because many customers delayed payments while suppliers demanded immediate payment.

The founders lacked formal managerial experience, and conflicts occasionally emerged regarding leadership roles, decision-making, and strategic direction. Some employees complained about poor communication and unclear organizational structures. In addition, the enterprise faced challenges adapting to rapidly changing customer preferences and digital marketing trends.

To improve competitiveness, GreenLife Organics adopted social media marketing, online ordering systems, and mobile payment platforms. The company also partnered with youth groups and women cooperatives to increase raw material supply and support community development. These partnerships improved the company's public image and increased customer loyalty.

Despite these efforts, GreenLife Organics encountered legal and regulatory challenges related to licensing, taxation, product certification, and compliance with environmental regulations. The founders realized that poor understanding of legal requirements could expose the business to penalties and operational disruptions.

The business environment also became more uncertain due to inflation, climate change, and fluctuating market prices. Drought conditions reduced agricultural productivity, while rising fuel costs increased transportation expenses. Competitors offering cheaper imported products further threatened profitability. To secure long-term sustainability, the management team is considering new strategies such as diversification, strategic partnerships, innovation, and investment in value addition. They also plan to seek external financing from banks and development agencies to support expansion and technological modernization.

As an entrepreneurship consultant, you have been invited to evaluate the challenges and opportunities facing GreenLife Organics Ltd and recommend practical entrepreneurial strategies for sustainable growth.

**Required:**

(a) Using evidence from the case study, analyze five strategic challenges affecting the growth and sustainability of GreenLife Organics Ltd

**(10 Marks)**

(b) As a financial institutions consultant, evaluate five roles of innovation, technology, and partnerships in improving the competitiveness of GreenLife Organics Ltd

**(10 Marks)**

- (c) Examine the importance of five business management practices in supporting the long-term sustainability of GreenLife Organics

**(10 Marks)**

## **QUESTION TWO**

- (a) A newly established microfinance institution intends to expand its operations and compete effectively in an increasingly dynamic financial sector. Using practical examples, demonstrate five strategic leadership characteristics and managerial skills that would enhance the institution's competitiveness and long-term success

**(10**

**Marks)**

- (b) A youth enterprise has experienced rapid growth but is struggling with poor financial management and declining customer satisfaction. Propose five practical management strategies that can improve operational efficiency and business sustainability

**(5 Marks)**

## **QUESTION THREE**

- (a) A small manufacturing business plans to introduce a new product into a highly competitive market. Apply five appropriate strategies that can support innovation, market penetration, and business growth

**(10 Marks)**

- (b) Using a practical example, analyze how creativity and innovation contribute to competitive advantage in financial institutions

**(5 Marks)**

## **QUESTION FOUR**

- (a) A commercial bank has experienced a decline in the usage of its traditional banking services as customers increasingly shift towards digital financial solutions. Analyze five ways in which market research and customer analysis can support better strategic decision making and enhance competitiveness

**(10 Marks)**

(b) A bank in Kenya intends to expand its operations into regional markets. Propose five practical strategies that can help the business manage risks and achieve sustainable expansion

**(5 Marks)**