



The Co-operative University of Kenya
END OF SEMESTER EXAMINATION AUGUST-2022
EXAMINATION FOR THE DEGREE OF AGRIBUSINESS MANAGEMENT
UNIT CODE: BAFS 4129
UNIT TITLE: STRATEGIC AGRIBUSINESS MANAGEMENT

DATE: 30TH AUGUST, 2022

TIME: 9:00 AM – 11:00 AM

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

Southwest Airlines Co. ("Southwest") is a major domestic airline that provides primarily short haul, high-frequency, point-to-point, low-fare service. Founded in 1971 and headquartered in the US, Southwest is a large low-cost airline. Airlines rely on key inputs such as aircraft, fuel and labour in order to operate. Like any airline it is sensitive to jet fuel prices and other operating costs. FORTUNE has listed Southwest Airlines among America's Top Ten most admired corporations and previously ranked Southwest Airlines in the top five of the "Best Companies to Work For" in America. Today Southwest operates over 500 Boeing 737 aircraft in 66 cities. Southwest has among the lowest cost structures in the domestic airline industry and consistently offers the lowest and simplest fares. Southwest also has one of the best overall Customer Service records. The company is committed to provide its employees with a stable work environment with equal opportunity for learning and personal growth; there are more than 35,000 employees throughout the Southwest system. The airline is unionized (heavily unionized when compared with other US airlines). In 1995, Southwest became one of the first airlines to have a web site. In 2006, 70 percent of flight bookings and 73 percent of revenue was generated from bookings on southwest.com.

- (a) Highlight on the components of strategy as seen in Southwest airlines. **(5 marks)**
- (b) Based on the above statement, explain the qualities of objectives that one need to improve for the success of organization. **(5 marks)**
- (c) Explain the shortcomings of BCG matrix as a tool for strategy analysis for Southwest airline. **(4 marks)**
- (d) Southwest airlines have effectively managed knowledge as an asset making it more competitive. Explain the condition of strategic assets that the airline has adhered to. **(4 marks)**
- (e) Describe the process of conducting environmental analysis for Southwest airline. **(6 marks)**
- (f) Briefly discuss the applicability of porter's competitive strategy as seen in Southwest airlines. **(6 marks)**

QUESTION TWO

- (a) Strategies are developed at several levels in an organization depending on the size and diversity of the company. Distinguish between three different levels of strategy in organizations. **(10 marks)**
- (b) Firms operate in complex and diverse environments. Explain how one can use Porters five forces model of industry in analysis of an industry **(10 marks)**

QUESTION THREE

- (a) Companies will typically set annual objectives and agree organisational policies. Analyse the relationship between these and assess how they contribute to organisational effectiveness. **(10 marks)**
- (b) Giving examples, explain the industry structure that gives an industry its distinctive character. **(10 marks)**

QUESTION FOUR

- (a) To analyse specific activities through which firms create competitive advantage, it is useful to model the firm as a chain of value-creating activities. Explain the factors an organization should take in account when analysing its value chain. **(10 marks)**
- (b) Review the main diversification strategies available to an organisation and explain the conditions that are likely to favour their implementation. **(10 marks)**

QUESTION FIVE

- (a) A firm must first identify and evaluate its resources to find those that provide basis for future competitive advantage. Discuss how Resource Based View can be a valuable tool in this scenario. **(10 marks)**
- (b) It is common for firms to go through the strategic planning process and come out with great plans. Such plans however may end up gathering dust in most organization's shelves. How can firms ensure the achievement of the implementation process? **(10 marks)**