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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR
THIRD YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 13th December, 2024
Time: 8.30am – 10.30am

KBA 2308 - BUSINESS LEADERSHIP AND STRATEGY

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

CASE STUDY

IBM'S SHIFT FROM HARDWARE TO SERVICES AND SOFTWARE

International Business Machines (IBM) was once the dominant player in the global hardware and mainframe computer market. In the 1990s, however, the technology landscape began to shift, and the demand for personal computers (PCs) and hardware products was declining. At the same time, competition in the hardware market was intensifying, particularly with companies like Dell and HP, which were able to produce more affordable products. This created a major business problem for IBM, as its reliance on hardware sales caused declining revenues and profitability. IBM faced the challenge of transforming its business model to adapt to the new technology environment. IBM's traditional hardware business was no longer as profitable due to the commoditization of hardware and increased competition. The company needed to find a new growth strategy to remain relevant in the rapidly changing tech industry, as its margins from hardware products were shrinking and impacting overall profitability.

Under the leadership of CEO Louis V. Gerstner Jr., IBM undertook a strategic transformation during the 1990s and early 2000s. The company pivoted away from hardware manufacturing to focus on higher-margin services and software. Key actions taken by IBM were that:

IBM sold its personal computing division to Lenovo in 2005, marking its formal exit from the hardware market and shifted its business focus to providing IT services and consulting, which were high-margin and high-growth areas. IBM began positioning itself as a leader in enterprise solutions for large organizations and it invested heavily in developing software solutions, including middleware and enterprise-level software. The company made several acquisitions, including PricewaterhouseCoopers Consulting, to strengthen its software and services capabilities. IBM continued to invest in R&D, focusing on innovations like artificial intelligence (AI) and cloud computing, which became the foundation of IBM's future growth strategy. Through these transformations, IBM was able to stabilize its profitability and shift from a low-margin hardware business to a higher-margin services and software model.

Questions

- i) Identify the main business problem that IBM faced in the 1990s? (3 marks)
- ii) Explain how the problem at IBM affected profitability of the firm. (3 marks)
- iii) Explain the strategic change that were implemented at IBM under the leadership of Louis V. Gerstner Jr. (6 marks)
- iv) Describe the key factors that enabled IBM to successfully shift from hardware to services and software (6 marks)
- v) Highlight why IBM's exit from the hardware business was significant for its profitability. (6 marks)
- vi) Explain how a company can determine when it is time to pivot away from a core business that is no longer profitable (6 marks)

QUESTION TWO (20 MARKS)

- a) By using five points explain features of an effective leadership. (5 marks)
- b) Leadership traits theory posits that successful leaders possess certain inherent personality traits that differentiate them from non-leaders. Identify five common leadership traits. (5 marks)
- c) Discuss five techniques for environmental analysis. (5 marks)
- d) Determine the importance of Vision in business leadership. (5 marks)

QUESTION THREE (20 MARKS)

- a) Describe five Corporate-level strategies used for the success of various organizations. (5 marks)
- b) Outline a step-by-step guide to formulating effective functional strategies in an organization. (5 marks)
- c) Explain the major tasks involved in the strategy implementation process. (5 marks)
- d) Explain five key functions of strategic control management. (5 marks)

QUESTION FOUR (20 MARKS)

- a) Identify five elements of a business macro-environment. (5 marks)
- b) Use five points to explain the importance of an organization's mission statement. (5 marks)
- c) Discuss five key forces that influence strategy choice in an organization. (5 marks)
- d) Describe Michael Porter's Five Forces framework that helps managers to analyze the competitive dynamics within an industry. (5 marks)

QUESTION FIVE (20 MARKS)

- a) Differentiate functional organizational structure from divisional organizational structure. (5 marks)
- b) Organizational culture plays a critical role in the successful implementation of strategies. Support this statement using five points. (5 marks)
- c) Describe the steps involved in the process of strategic control. (5 marks)
- d) Differentiate leadership from management. (5 marks)