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**CERTIFIED PUBLIC ACCOUNTANT  
ADVANCED LEVEL 1 EXAMINATIONS  
A1.1: STRATEGY AND LEADERSHIP**

**DATE: MONDAY 27, MAY 2024**

**MARKING GUIDE AND MODEL ANSWER**

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## **SECTION A**

### **Marking Guide – Question one**

**(In the marking of this requirement the key is to check whether the student demonstrated the impact of PESTEL factors)**

**a) With the use of the PESTEL analysis, assess the macro-environmental forces that Autowin Kigali Motors Ltd is facing in the Rwandan market.**

Political environment		3
Economic environment		3
Socio and cultural environment		3
Technological environment	3	2
Environmental factors		2
Legal environment		2
<b>Maximum marks</b>		<b>15</b>

**b) Analyse the culture of AKM Ltd, and assess the implication of your analysis for the company's future performance.**

Introduction		1
Stories		2
Rituals and Routines		2
Symbols		2
Organizational Structure		2
Control Systems		2
Power structure		2
Conclusion		2
<b>Maximum marks</b>		<b>15</b>

**c) Referring to Mr. James's argument "I believe that since AKM Ltd.'s parent company is based in South Korea, this alone should allow us some competitive advantage internationally". Using Porter's Diamond Model critically analyse Mr. James's statement**

Introduction and description of the Diamond		2
Factor conditions		2
Demand conditions		2
Related and supporting industries		2

Firm Strategy, Structure and Rivalry Strategy	2
<b>Maximum marks</b>	<b>10</b>
<b>d) Using the stakeholder mapping, critically analyse the relative significance of stakeholder groups and their real and potential influences over AKM Ltd with its relocation plan</b>	
Shareholders	2
Employees	2
The government	2
Media	2
Any other valid point (will attract 3 Marks)	2
<b>Maximum marks</b>	<b>10</b>

**(Total: 50 Marks)**

## **PROPOSED ANSWER ONE**

### **a) AKM Ltd.'s external business environment using the PESTEL analysis**

#### **Political environment**

Rwanda has continued to enjoy relative peace and stability which is a very important factor for business prosperity. AKM therefore enjoys conducting business in a conducive and peaceful country, which is so far ranked as the safest country in Africa.

The tax incentives on importation of hybrid vehicles and relocation are yet another significant benefit that AKM would enjoy, which would allow it to increase on its cash flow by not paying income tax for three years just to cite one example.

The presence of an updated Nationally Determined Contribution (NDC) which outlines the importance of electric vehicles and the enforcement of vehicle emission standards as key mitigation measures on the path to reducing greenhouse gases indirectly enhances the demand on both electric and hybrid cars.

A preferential corporate tax rate of 15% awarded by investors in the e-mobility sector allows AML to make more profits by paying less income tax than it should have paid if it was to invest in normal vehicles.

Award any point presented clearly from among any of the above

## **Economic environment**

GDP growth of over 10% per annum would contribute to a more favourable economy to support the demand and purchase of AKM Ltd.'s electric and hybrid vehicles.

Inflation being kept at a single digit since 2008 would help to contain a drastic increase in prices and protect economic growth, which in turn would influence the purchasing power of AKM Ltd.'s customers.

The strong governance in Rwanda coupled with great doing business metrics, as well as several other positive government policy initiatives including strong IT infrastructure contribute to increased Foreign Direct Investments (FDIs), a major ingredient in increasing capital inflows.

## **Social and cultural environment**

Growing number of middle class that stimulate the demand for hybrid cars. AKM Ltd will highly benefit from this new trend.

Another important socio-cultural attribute is the population growth mainly by the Rwandan people and other nationalities that have continued to migrate to Rwanda with the government supporting them in one way or the other, this indirectly increases the marginal propensity to consume.

Various government initiatives and campaigns around climate change and sustainability have continued to drive the general population especially working-class individuals towards electric and hybrid cars which AKM Ltd would happily take advantage of.

Cooperation agreements with several countries in areas of innovation, technology, security, and climate change which makes it an ideal business environment for multinational companies.

The long-term government of Rwanda's goal of becoming a carbon-neutral nation equally accelerates the demand for hybrid cars as they are environmentally friend.

**(Award any points given and the impact clearly presented in the response)**

## **Technological environment**

AKM Ltd provides an innovative online marketplace which connects local sellers to buyers worldwide well supported by the infrastructure that the government has put in place.

Availability of a user-friendly app – which is easily downloadable and can work on any gadget which provides an easy and more efficient way of placing a vehicle order from AKM Ltd. This again eases the way through which AKM Ltd communicates to its target market as most individuals in the country already possess smart phones.

The company's website that is always up to date provides an opportunity for AKM Ltd to communicate to both current and potential clients. Keeping it up to date, they also work with other

government platforms for patent rights protection and free research on technological advancements provided by the government.

Strong presence both physical and online with an easy-to-use app provides it with an added advantage over its competitors. This convenience allows customers to either buy cars of their choice instantly or place an order online among the stock based in Seoul.

(points agreed by both parties)

### **Environmental factors**

Green issues at AKM Ltd are well addressed as they deal with only electric and hybrid vehicles a move that is equally supported by the government.

Investing in electric and hybrid cars strengthens AKM Ltd.'s carbon foot print position as such vehicles are not expected to pollute the environment as the traditional petroleum fuel cars.

It can equally be assumed that since AKM Ltd.'s core values include ethics and professionalism then AKM Ltd conducts business as an ethical and sustainable company including the sourcing of raw materials and other products or services they use.

### **Legal environment**

Stopping the importation of the traditional petroleum fuel vehicles would be an added advantage to AML as it is expected that demand for both electric and hybrid cards would increase

### **b) Analyse the culture of AKM Ltd, and assess the implication of your analysis for the company's future performance.**

**(Give priority to the cultural web over generic answers and the explanations as per the marker's marking scheme explanation is acceptable but under a cultural web model and the implication of each element)**

A Cultural Web Analysis is a useful tool for considering whether cultural change needs to be implemented and what gaps / assumptions an organisation currently has which may impact the implementation of a change.

**Stories** – The past events and people talked about inside and outside the company. What is the company known for? Currently AKM Ltd is known for having higher customer complaints. This is something that AKM should work on to ensure that its reputation is restored.

**Rituals and Routines** – The daily behaviour and actions of people that signal acceptable behaviour. There is an apparent talk about cost cutting. Given that the staff turnover rate is also

high, it is possible that AKM is not investing in its staff and hence the low morale. This needs to change to ensure staff retention and increased productivity.

**Symbols** – The visual representations of the company including logos, how plush the offices are, and the formal or informal dress codes. AKM Ltd is associated with a red T-shirt that must be put on every day by all the staff apart from senior management. The managing partner wears a suit every day at work. This may keep the same, provided management wants it that way and has no negative impact.

**Organizational Structure** – This includes both the structure defined by the organization chart, and the unwritten lines of power and influence that indicate whose contributions are most valued. The low productivity and poor staff morale could be a sign of less team work which AKM Ltd should address. A more decentralised style should be adopted to enhance staff morale and team work.

**Control Systems** – This refers to the ways that the organization is controlled. AKM Ltd is strict on cost cutting, meaning that costs are highly controlled as opposed to emphasising quality. AKM Ltd should motivate its staff if it is to beat the competition by rewarding excellent performance.

**Power structure** – This refers to individuals with the greatest amount of influence on decisions, operations, and strategic direction of an organisation. It appears the Managing Director believes in low cost and this can be detrimental to AKM Ltd. The Managing Director should devise other strategic initiatives which would enhance staff morale whilst contributing to better performance by for example allowing some autonomy in decision making.

## Conclusion

It appears that at AKM Ltd the common theme is tight cost control and low staff morale. AKM Ltd should therefore prioritise the above-mentioned changes, and develop a plan to address them. **(The candidates who have provided the diagram to be rewarded accordingly from the conclusion marks)**

c) Referring to Mr. James’s argument “I believe that since AKM Ltd.’s parent company is based in South Korea, this alone should allow us some competitive advantage internationally”. **Using Porter’s Diamond Model critically analyse Mr. James’s statement**

## Factor conditions

This refers to the inputs which are used as factors of production such as land, labour, capital, and infrastructure which a country must have enough of. South Korea is gifted with all these factors of production, and this facilitates it to be successful in the global market. It appears therefore that

AKM Ltd.'s innovation emanates from advanced factors such as advanced technology and highly educated people in ICT which South Korea is highly known for.

### **Demand conditions**

The strong demand conditions in the home country persuade the domestic organizations to constantly improve the product. South Korean demand of electric and hybrid cars is very high at home, which influences the demand of customers in the foreign market. South Koreans appreciate Autowin Motors Ltd.'s car brands as evidenced by the fact that it's the market leader in automobile trading globally mainly for electric and hybrid cars. The market in South Korea appears saturated and this further provides an incentive for AKM to seek for new markets.

### **Related and supporting industries**

High presence of related and supporting industries including suppliers is vital for firms to remain competitive. The process of innovation is enhanced when innovative organizations in related industries are based close to each other. Most of the raw materials that AKM uses are sourced from within the country mainly from other South Korean companies that are exposed to the same factor conditions, a move that enhances AKM's quality products and innovations.

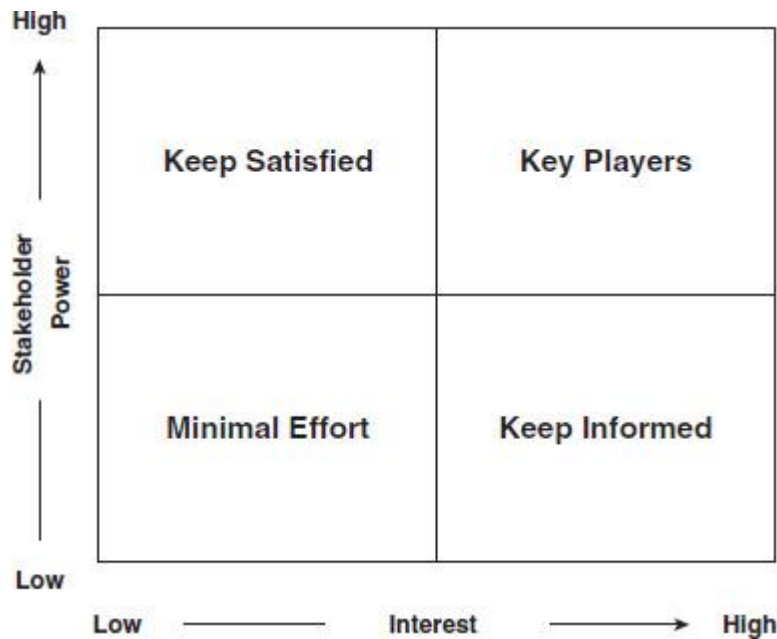
### **Firm Strategy, Structure and Rivalry Strategy**

The strategies, structures, and rivalry are very important for the success of an organization. The strategies help in setting new goals, the structure helps in managing operations, and rivalry helps in generating innovative ideas in organizations. South Koreans like good shaped cars and SUVs which are energy efficient hence the need for articulated car designs. More so, South Korean Managers are probably biased towards black and white for colour and articulated sophisticated processes. This explains why most of the imported Kia and Hyundai on Rwandan roads are black and white, and even the assembling plant possessing sophisticated processes. And finally, there is stiff competition in South Korea when it comes to energy efficient and electric automobiles manufacturing, which helps AKM to try to beat competition.

### **d) Using the stakeholder mapping, discuss and show the relative significance of stakeholder groups and their real and potential influences over AKM Ltd with its relocation plan.**

Stakeholder mapping refers to the process of identifying and prioritising stakeholders by analysing their level of interest and influence in a given project. Stakeholders are usually mapped on a four - quadrant matrix based on where each individual stakeholder falls on the scale.

The four quadrants of stakeholder map are as follows:



The major stakeholder groups identified are: shareholders, employees, the government, media and local community.

**(the diagram is not part of the marks allocation and as such can be ignored. Analysis of the the stakeholders must comprise of the powers and interest of each stakeholder identified)**

### Shareholders

AKM Ltd's shareholders will always want to improve the bottom line. As the relocation would save some money in terms of the rent paid which is considered to be getting expensive at the current location, a relocation to them, would be ideal. Their influence can be rated as very significant and very powerful. Shareholders being a key player, they should be managed closely by fully engaging them whilst ensuring that efforts are geared towards satisfying them.

### Employees

Relocation is not wanted by some employees and some of them have threatened to resign. Their level of interest is high though with less influence. These should be kept informed by ensuring that they are adequately talked to, to help address some of the areas that may not be clear. The issue surrounding staff resignation once AKM Ltd relocates, should be discussed and agreed upon.



## **The government**

Despite the incentives put forward by the government for any organisation that accepts to relocate from the Kigali free trade zone to Nyamata, it appears that the government's level of influence is quite high with less interest and therefore, should be kept satisfied. AKM Ltd will endeavour to do what the government says and also take advantage of the corporate tax reductions. From there on, it appears the government will not be interested in AKM Ltd's affairs and thus such communications from AKM Ltd will be of no use to the government.

## **Media**

The media's position on the relocation is not mentioned. However, there is no reason to conclude that they either oppose or accept the relocation move. Their level of influence and interest can therefore be assumed to be low as they are not directly affected by the relocation neither will the relocation have any impact towards their activities. AKM Ltd should not be bothered with this stakeholder group, though they may just keep an eye to check if their level of interest or power changes.

## **SECTION B**

### **QUESTION TWO**

#### **Marking Guide**

<b>Qn.</b>	<b>Description</b>	
	<b>a) Analysis of the Primary Activities of the Value Chain at GRT</b>	
	Definition of value chain	<b>2</b>
	<ul style="list-style-type: none"><li>• Inbound logistics</li><li>• Operations</li><li>• Outbound logistics</li><li>• Marketing and sales</li><li>• Service</li></ul>	<ul style="list-style-type: none"><li>2</li><li>2</li><li>2</li><li>2</li><li>2</li></ul>
	<b>b) Evaluation of Potential Changes to Improve Competitiveness</b>	
	b)Other factors	
	<ul style="list-style-type: none"><li>• Inbound logistics</li><li>• Operations</li><li>• Marketing</li><li>• Service</li><li>• Outbound logistics</li></ul>	<ul style="list-style-type: none"><li>3</li><li>3</li><li>3</li><li>3</li><li>3</li></ul>
	<b>Total Marks</b>	<b>25</b>

## Model Answer

- a) GRT supplies both manufactured products (crutches, walking frames) and bought-in products (mobility scooters, bath lifts). The value chain for these two sets of products is different and this is reflected in the following analysis. The primary activities of the value chain are:
1. **Inbound Logistics.** These are activities associated with receiving, storing and disseminating inputs to the product. Typical examples are materials handling, warehousing and inventory (stock) control. For manufactured products this concerns collection of material from scrap merchants and the storage of that material prior to use. For bought-in products, inbound logistics is handled by the supplying manufacturers. Products are stored in the warehouse.
  2. **Operations.** This is concerned with transforming inputs into the final product. This includes machining, assembly, testing and packaging. In the context of manufactured products this covers the production of crutches and walkers (and other simple aids), their testing and packaging. For bought-in products, operations are concerned with the careful opening of packaging, the addition of an GRT transfer logo, the testing of the equipment and the re-packaging of the product into its original packaging.
  3. **Outbound Logistics:**
    - Storage: Both manufactured and bought-in products are stored in the hangars.
    - Dispatch: Products are dispatched to customers via a national courier service.
  4. **Marketing and Sales.** These are activities by which customers can learn of the existence of and then purchase the products. It includes advertising, promotion, sales and pricing. At GRT this covers leaflets in hospitals and surgeries, a website catalogue and order taking and the giving of advice.
  5. **Service These are activities associated with providing a service to enhance or maintain the value of the product.** It includes installation, repair, training, parts supply and product adjustment. The simple nature of the manufactured products means that service is inappropriate. For bought-in product, service is undertaken by the original manufacturer.
- b. The value chain is used as a basis for answering the question. Many of the potential restructuring suggestions produce cost reductions. However, it must be acknowledged that the charity also has the objective of providing jobs for severely disabled 14 people. Suggestions for change have to reflect this fact. It is also clear from the scenario that some customers are prepared to pay price premiums for the goods by making donations to the charity as part of their purchase of these goods.
1. **Inbound logistics for manufactured products,** GRT could explore the possibility of reducing scrap metal storage costs by requesting dealers to store the metal until it is required. Furthermore, dealers may also be able to offer competitive delivery costs. This would remove the need for GRT to maintain (and eventually replace) the lorry it uses for collection of this material. For bought in products, GRT could explore the cost of using a specialist logistics company to carry out both its inbound and outbound logistics. This should produce economies of scale leading to reduced costs. Many of these logistics companies also offer storage facilities. However, GRT already has storage at an airfield site and the employment of severely disabled labor is one of its objectives.
  2. **Operations.** It seems vital that GRT retains its manufacturing capability to help achieve its goal of providing work and income for severely disabled people. It could probably gain

cost savings by outsourcing manufacture to cheaper countries (like its commercial competitors) but this would not meet its core objective. GRT marketing could stress the location of the manufacture as an important differentiator. Customers might then perceive it as an ethical choice. The operations part of the value chain for bought-in products is relatively labour intensive (see later notes) and could be simplified by asking manufacturers to affix the GRT logo and label prior to dispatch to GRT, reducing inventory by arranging for bought in goods to be supplied to the customer directly by the manufacturer. Not only would this cut delivery costs but it would also reduce inventory costs, and eliminate the costly write-off of obsolete purchased inventory.

3. **Outbound logistics.** The ordering of products through the website appears to be extremely effective. The site includes a product catalogue and a secure payment facility. However, although use of the website is growing, most orders are still placed by telephone. GRT might consider ways of encouraging further use of the website, for example by offering discounts, cheaper prices and a wider range of products. It might also consider how it could make its website more available to potential consumers, perhaps by placing dedicated terminals in hospitals and surgeries. The telephone ordering process is currently too complex because sales staff have to describe the products available and also provide purchasing advice and guidance. GRT needs to consider ways of making details of their product range available to customers before they place the order (see below). Marketing and Sales Relatively little sales and marketing takes place at GRT which is probably due its charitable status. Charities are usually very keen to minimize their overhead costs. Traditional marketing appears to be very limited, restricted to leaflets in hospitals and surgeries. GRT could consider replacing its current leaflets with a leaflet that effectively doubles as a catalogue, showing the products on offer. This should help improve the efficiency of the telephone ordering service.
4. **Marketing and Sales Expansion:**
  - Digital Marketing: GRT needs to increase digital marketing efforts to boost online sales, including social media campaigns and search engine optimization (SEO).
  - Customer Engagement: GRT can develop a customer loyalty program to encourage repeat purchases and referrals. Enhance the website's usability and accessibility to attract more online customers.
  - Sales Efficiency: GRT can train sales staff to improve conversion rates from telephone inquiries and consider implementing a customer relationship management (CRM) system to better track and manage sales leads.
5. **Service.** Because of the nature of the product, little direct support is required. However, GRT could expand its website to give general support and advice on mobility problems and independent living

**(this is an area of full agreement)**

### QUESTION THREE

#### HANGA Agribusiness Corporation (HANGA):

#### Marking Guide:

Qn	Description	Marks	Total Marks
<b>a</b>	HANGA's Situational Model of Leadership:		
	A short and correct introduction/description of Situational Model of Leadership	2	
	A valid diagram/illustration of the Situational Model of Leadership	2	
	The Telling style (Award 1 mark for a correct explanation and 1 mark for correctly identifying a suitable level of staff i.e., junior staff)	2	
	The Selling style (Award 1 mark for a correct explanation and 1 mark for correctly identifying a suitable level of staff i.e., middle managers)	2	
	The Participating style (Award 1 mark for a correct explanation and 1 mark for correctly identifying a suitable level of staff i.e., executive managers)	2	
	The Delegating style (Award 1 mark for a correct explanation and 1 mark for correctly identifying a suitable level of staff i.e., top leadership)	2	12
<b>b</b>	HANGA's communication challenges:		
	A short and correct introduction/description of Communication	2	
	A valid diagram/illustration of the model of communication	2	
	Communication challenges:		
	Language Diversity (Award 1 mark for a correct explanation linked to HANGA's context. Award 0.5 marks if the explanation is not linked to HANGA)	1	
	Cultural Differences (Award 1 mark for a correct explanation linked to HANGA's context. Award 0.5 marks if the explanation is not linked to HANGA)	1	
	Technical Jargon (Award 1 mark for a correct explanation linked to HANGA's context. Award 0.5 marks if the explanation is not linked to HANGA)	1	
	Generational Differences (Award 1 mark for a correct explanation linked to HANGA's context. Award 0.5 marks if the explanation is not linked to HANGA)	1	

Qn	Description	Marks	Total Marks
	Hierarchical structures (Award 1 mark for a correct explanation linked to HANGA's context. Award 0.5 marks if the explanation is not linked to HANGA)	1	
	Strategies and solutions to improve communication at HANGA:		
	Award 2 marks for any 1 well explained strategy that addresses any of the above challenges. Award 1 mark if it's not addressing any existing challenge or not explained well. 2*2=4 maximum marks. Other valid answers suggested by candidates but not in the model answer are acceptable.	4	13
	<b>Total Marks</b>		<b><u>25</u></b>

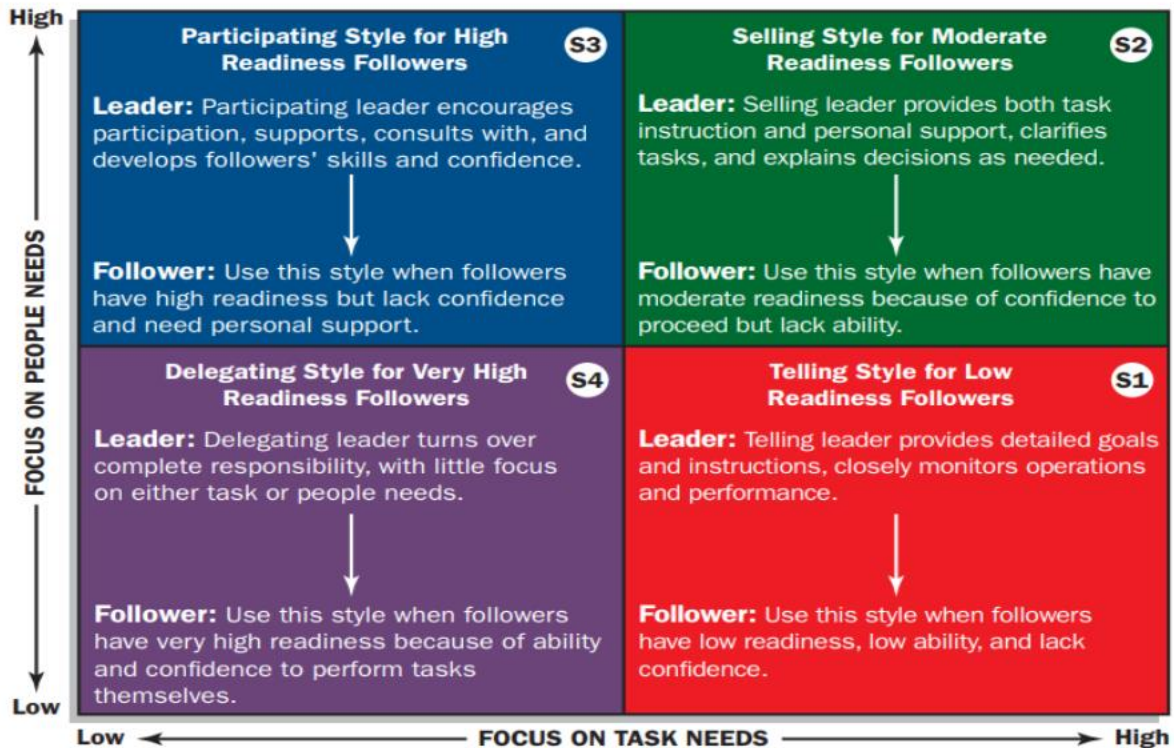
### Model Answers:

- a) Based on the Situational Model of Leadership, **identify and describe the different leadership styles that HANGA's leaders should adopt for employees at varying levels of maturity and competence within the agribusiness organization.**

The situational model of leadership, which originated with **Hersey and Blanchard**, is an interesting extension of the behavioural theories summarized in the leadership grid. This approach focuses a great deal of attention on the characteristics of followers in determining appropriate leadership behaviour. The point of the situational model is that subordinates vary in readiness, which is determined by the degree of willingness and ability that a subordinate demonstrates while performing a specific task.

Willingness refers to a combination of confidence, commitment, and motivation, and a follower may be high or low on any of the three variables. Ability refers to the amount of knowledge, experience, and demonstrated skill that a subordinate brings to the task. Effective leaders adapt their style according to the readiness level of the people they are managing. People low in readiness—because of little ability or training or insecurity—need a different leadership style than those who are high in readiness and have good ability, skills, confidence, and willingness to work. Figure 2.1 below illustrates this model:

**Figure 2.1: Hersey and Blanchard’s Situational Model of Leadership**



(the diagram is not a must on this)

HANGA’s leadership should consider the following leadership styles:

**Telling/Directing:**

This approach is suitable for employees who are at the lower end of the maturity scale or those who are new to specific tasks. Leaders adopting a telling style should provide clear and specific instructions, set expectations, and closely supervise these employees. For example, for new recruits who lack experience in crop management, leaders may need to provide step-by-step instructions for planting and irrigation techniques, ensuring that tasks are performed correctly.

This style would be suitable for junior staff at HANGA.

**Selling/Supporting:**

This approach is suitable for employees who have developed competence but may need motivation and support. Leaders using a supporting style should actively involve employees in decision-making processes and encourage them to take on more responsibility. For example, when dealing

with employees experienced in crop management, leaders can seek their input on selecting optimal fertilization methods and allow them to participate in developing strategies for improving crop yield.

This style would be suitable for middle managers at HANGA.

### **Participating:**

The participating style is most effective for employees who demonstrate a high level of competence and maturity. Leaders should take a backseat in decision-making and actively involve these employees in the process. They can provide a platform for employees to share their expertise and insights freely. For instance, in projects related to optimizing irrigation techniques, leaders can delegate decision-making authority to experienced employees and encourage them to collaborate and innovate to achieve the best results.

This style would be suitable for executive managers at HANGA.

### **Delegating:**

While not explicitly part of the participating style, the Situational Model also includes a delegating style, which is suitable for employees who are highly competent and mature. Leaders employing this style should give employees full autonomy and decision-making authority. In HANGA's context, this might apply to senior agricultural professionals overseeing specific projects or departments, where they have the expertise and experience to operate independently.

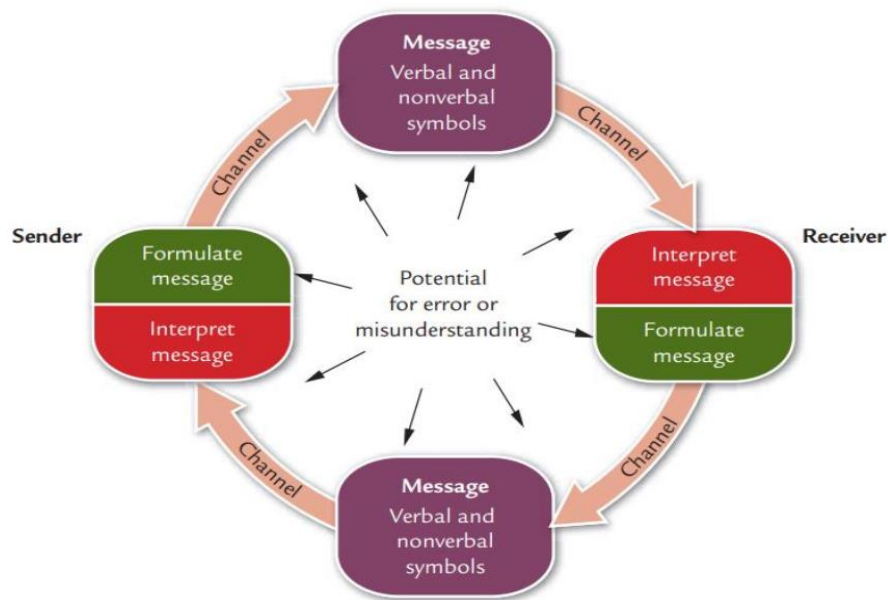
This style would be suitable for the top leadership at HANGA.

- b) **Analyse the communication challenges the company is facing and propose strategies and solutions to improve communication within the organization.**

**Communication** is the process by which information is exchanged and understood by two or more people, usually with the intent to influence or motivate behaviour. Most of us think of spoken or written language when we think about communication, but words are only a small part of human communication. Managers are observed carefully by employees, so it's important to remember that everything a manager does *and* says will communicate something. In addition, communication is a two-way street that includes asking questions, seeking feedback, paying attention to nonverbal communication of others, and listening actively. Being a good communicator starts with appreciating how complex communication is and understanding the key elements of the communication process, as illustrated in Figure 2.2:



**Figure 2.2: A model of communication**



HANGA Agribusiness Corporation faces several communication challenges:

**Language Diversity:** HANGA's diverse workforce may include employees with different native languages or dialects. This language diversity can lead to misunderstandings and misinterpretations, particularly in written communication.

**Cultural Differences:** Diverse backgrounds often bring varying cultural norms and communication styles. For example, employees from different cultural backgrounds may have different levels of assertiveness, which can affect how they express themselves in meetings or discussions.

**Technical Jargon:** In the agribusiness sector, professionals frequently use technical terminology that may be unfamiliar to non-specialist employees. This can create communication barriers and hinder comprehension.

**Generational Differences:** The agribusiness workforce might span multiple generations, each with distinct communication preferences. Younger employees may prefer digital communication, while older ones may favour traditional methods like face-to-face interactions or phone calls.

**Hierarchical structures:** In some cases, hierarchical structures within agribusiness organizations can discourage open communication. Lower-level employees may hesitate to voice concerns or ideas to their superiors, leading to information silos.

HANGA could improve these challenges in the following ways:

- 1. Cross-Cultural Communication Training:** Offer training programs that focus on cross-cultural communication, helping employees understand and appreciate diverse communication styles and cultural norms. This can bridge gaps caused by cultural differences.
- 2. Language Courses:** Provide language courses or language assistance programs to help employees become proficient in the primary languages used within the organization. This can boost clarity in communication.
- 3. Communication Champions:** Appoint communication champions or liaisons from different departments who can facilitate communication and address concerns or questions within their respective teams.
- 4. Multimodal Communication:** Implement a variety of communication channels, both digital and traditional, to accommodate generational preferences. This includes email, instant messaging, phone calls, video conferencing, and in-person meetings.
- 5. Communication Guidelines:** Develop clear and concise communication guidelines that emphasize the importance of transparency, active listening, and inclusivity. These guidelines can serve as a reference for employees at all levels.
- 6. Regular Feedback Loops:** Establish feedback mechanisms that allow employees to provide input on communication processes and suggest improvements. This encourages a sense of ownership and engagement.
- 7. Communication Technology Integration:** Invest in communication technologies that streamline information flow across dispersed locations. This can include cloud-based collaboration tools, which enable real-time document sharing and remote teamwork.
- 8. Leadership Communication Workshops:** Conduct workshops for leaders and managers to enhance their communication skills, emphasizing the importance of approachability and active listening to encourage open dialogue.
- 9. Diverse Communication Teams:** Create cross-functional teams that represent diverse backgrounds within the organization. These teams can collaborate on projects and initiatives, promoting a broader exchange of ideas and perspectives.
- 10. Regular Communication Audits:** Periodically assess the effectiveness of internal communication processes through surveys, focus groups, or audits. Use the feedback to refine communication strategies and address emerging challenges.

## QUESTION FOUR

### QUESTION FOUR

#### TIGITA Company Limited (TIGITA):

#### Marking Guide:

Qn	Description	Marks	Total Marks
<b>a (i)</b>	TIGITA's Ashridge Portfolio Display framework: A good answer should categorise subsidiaries with a valid justification		
	A short introduction/description of the Ashridge Portfolio Display framework	2	
	EquiWealth Securities (Award 1 mark for a correct category i.e., Heartland and 1 mark for a correct justification)	2	
	FixedIncome Plus (Award 1 mark for a correct category i.e., Ballast and 1 mark for a correct justification)	2	
	RealEstate Ventures (Award 1 mark for a correct category i.e., Ballast and 1 mark for a correct justification)	2	
	GreenGrowth Investments (Award 1 mark for a correct category i.e., Value Trap and 1 mark for a correct justification)	2	
	A valid diagram of the Ashridge Portfolio Display framework	1	11
<b>a (ii)</b>	Strategic actions that TIGITA should consider for each category of investment subsidiaries to optimize their performance: A good answer should discuss points in the context of TIGITA's investments. Award 1 mark for each valid strategic option. Maximum of 4 points - 1 for each business = 4 maximum marks If a candidate's points are not appropriately explained or not linked to the TIGITA, award 0.5 marks per point		
	Strategic option for EquiWealth Securities (Heartland): Award 1 mark for any 1 correct answer	1	
	Strategic option for FixedIncome Plus (Ballast): Award 1 mark for any 1 correct answer	1	
	Strategic option for RealEstate Ventures (Ballast): Award 1 mark for any 1 correct answer	1	
	Strategic option for GreenGrowth Investments (Value Trap): Award 1 mark for any 1 correct answer	1	4

Qn	Description	Marks	Total Marks
<b>b</b>	Award 2 marks (1 mark for a correct point and 1 mark for its explanation) for each correctly explained strategic option with a maximum of 5 points = 10 maximum marks. If the point is simply listed with no explanation, award 1 mark. Alternative correct points provided by candidates not in the model answer should be considered.		
	Market Penetration (Award 2 marks for any 1 valid explanation or point. Award 1 mark if not explained or linked to TIGITA)	2	
	Diversification (Award 2 marks for any 1 valid explanation or point. Award 1 mark if not explained or linked to TIGITA)	2	
	Market Development (Award 2 marks for any 1 valid explanation or point. Award 1 mark if not explained or linked to TIGITA)	2	
	Technological Advancements (Award 2 marks for any 1 valid explanation or point. Award 1 mark if not explained or linked to TIGITA)	2	
	Product Development (Award 2 marks for any 1 valid explanation or point. Award 1 mark if not explained or linked to TIGITA)	2	10
	<b>Total Marks</b>		<b><u>25</u></b>

**Model Answer:**

- a) Using Ashridge Portfolio Display framework, **analyse TIGITA Company Limited's investment subsidiaries and recommend strategic actions that TIGITA should consider for each category of investment subsidiaries to optimize their performance**

The *parenting matrix* (or Ashridge Portfolio Display) developed by consultants Michael Goold and Andrew Campbell introduces parental fit as an important criterion for including businesses in the portfolio. Businesses may be attractive in terms of the BCG or directional policy matrices, but if the parent cannot add value, then the parent ought to be cautious about acquiring or retaining them.

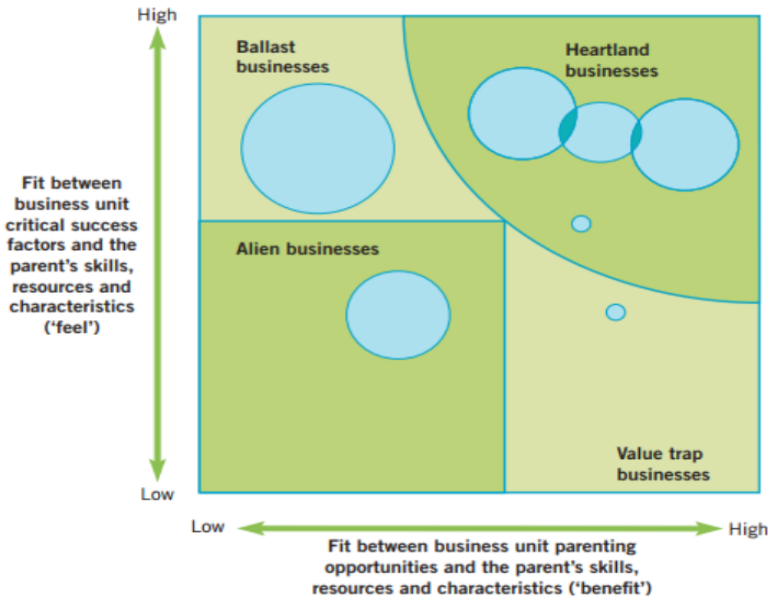
(This explanation doesn't necessarily attract marks only content will and the agreeable areas are as follows:)

There are two key dimensions of fit in the parenting matrix (see Figure 4.1):

- 'Feel'. This is a measure of the fit between each business unit's critical success factors and the capabilities (in terms of competences and resources) of the corporate parent. In other words, does the corporate parent have the necessary 'feel', or understanding, for the businesses it will parent?

- ‘Benefit’. This measures the fit between the parenting opportunities, or needs, of business units and the capabilities of the parent. Parenting opportunities are about the upside, areas in which good parenting can benefit the business (for instance, by bringing marketing expertise). For the benefit to be realised, of course, the parent must have the right capabilities to match the parenting opportunities.

**Figure 4.1: The Ashridge Portfolio Display:**



TIGITA’s subsidiaries can be categorized as follows:

**EquiWealth Securities**

EquiWealth Securities falls into the 'Heartland' category. This subsidiary operates in the equity investments sector, which aligns with TIGITA's core expertise and offers growth potential. It's an attractive and strategically strong unit, contributing positively to TIGITA's portfolio due to its synergy with the parent company's investment focus.

**FixedIncome Plus**

FixedIncome Plus can be categorized as 'Ballast.' While it may not have as high growth potential as EquiWealth Securities, it serves as a stable and income-generating unit. It complements TIGITA's diversified investment offerings and provides stability to the portfolio. Since it’s been successfully operating largely independently, it looks like TIGITA has little to offer to it.

**RealEstate Ventures: RealEstate**

Ventures is also classified as 'Ballast.' Real estate investments provide diversification and stability to the portfolio. Although they may not offer rapid growth, they serve as a valuable asset class for

clients seeking long-term stability and capital preservation. Like the above category, TIGITA rarely gets involved in their business which makes it a Ballast business.

### **GreenGrowth Investments:**

GreenGrowth Investments falls into the 'Value Trap' category. While it aligns with sustainability goals, it may not yet be contributing significantly to the portfolio. Value traps appear attractive because there are opportunities to add value, they are deceptively attractive, because the parent's lack of feel will result in more harm than good, which is the case for TIGITA. This subsidiary requires further evaluation to determine its potential as a strategic asset and its fit within TIGITA's overall business strategy.

### **Recommended strategic actions that TIGITA should consider for each category of investment subsidiaries to optimize their performance.**

TIGITA should consider the following strategic actions:

#### **EquiWealth Securities (Heartland)**

- TIGITA should continue to invest in EquiWealth Securities' growth by expanding its client base and market presence in emerging markets. This subsidiary can be a strategic driver of revenue and profitability and be the core of future strategy as the company can continue to add value to it.

#### **FixedIncome Plus (Ballast):**

- Maintain the stability of FixedIncome Plus by focusing on risk management and providing clients with reliable fixed-income investment options. Explore opportunities to introduce new fixed-income products to enhance revenue streams. If not divested, FixedIncome Plus should be spared as much corporate bureaucracy as possible.

- 

#### **RealEstate Ventures (Ballast):**

- Leverage RealEstate Ventures by identifying promising real estate opportunities in Rwanda and neighbouring regions. Continue to manage properties effectively and explore partnerships to expand the real estate portfolio. If not divested, FixedIncome Plus should also be spared as much corporate bureaucracy as possible.

#### **GreenGrowth Investments (Value Trap):**

- TIGITA will need to acquire new capabilities if it is to be able to move this business into the heartland. It might be easier to divest to another corporate parent that could add value and will pay well for the chance. TIGITA should also conduct a thorough evaluation of GreenGrowth Investments to determine its strategic potential. If it aligns with long-term

sustainability goals, allocate resources for further research and development. Consider partnerships or acquisitions in the green investment sector.

- b) **Based on the challenges and opportunities outlined in the case study, propose strategic options available to TIGITA Company Limited to address these dynamics and support the company's growth and success in the Rwandan and regional investment management sector.**

Proposed Strategic Options for TIGITA Company Limited:

(this can also be expanded depending on the students' arguments in the responses.)

**Market Penetration:** To strengthen its market position in the Rwandan investment management sector, TIGITA can consider the following strategies:

- **Client-Centric Approach:** Implement a client-centric approach by enhancing the quality of customer service and engagement. This includes personalized investment recommendations, regular portfolio reviews, and responsive client support.
- **Technology Integration:** Invest in advanced digital platforms that offer clients user-friendly interfaces for portfolio tracking and management. Implement data analytics to better understand client preferences and provide tailored investment solutions.
- **Partnerships and Alliances:** Explore partnerships with local financial institutions, such as banks or credit unions, to expand TIGITA's distribution network. Collaborative ventures can provide access to a broader client base.

**Diversification:** To diversify its investment portfolio and revenue streams, TIGITA can consider the following strategies:

- **ESG Investment Offerings:** Develop a range of environmentally, socially, and governance (ESG) investment products to meet the rising demand for responsible and sustainable investments. This can include ESG-themed funds and impact investing options.
- **Alternative Investments:** Explore alternative asset classes, such as private equity, venture capital, or infrastructure investments, to provide clients with diversified investment opportunities beyond traditional asset classes.
- **Cross-Border Investments:** Assess opportunities for cross-border investments within East Africa. Collaborate with local experts to identify promising projects and navigate regulatory complexities.

**Market Development:** To expand its presence beyond Rwanda, TIGITA can consider the following strategies:

- **Market Research:** Conduct thorough market research in target East African countries to identify investment preferences, regulatory requirements, and competition dynamics.

- **Local Partnerships:** Form strategic partnerships with local financial institutions or advisory firms in the target markets. Local partnerships can provide market knowledge and distribution channels.
- **Compliance and Regulatory Expertise:** Ensure compliance with regulatory requirements in each new market. Establish a dedicated team or engage external experts to navigate regulatory complexities.

**Product Development:** TIGITA can explore innovative approaches to enhance its existing investment products and services or introduce new offerings. This strategic option involves:

- **Enhancing Existing Products:** Evaluate current investment products and services to identify areas for improvement. This can include optimizing portfolio management strategies, reducing fees, and enhancing reporting and transparency. By continually refining its offerings, TIGITA can provide better value to existing clients and attract new ones.
- **Introducing New Products:** Identify gaps in the market and evolving client preferences to develop and launch new investment products. For example, TIGITA can create thematic funds focused on specific sectors or trends, such as technology, healthcare, or sustainable investing. These products should align with client demand and market trends.
- **Customization and Personalization:** Offer customizable investment solutions that cater to individual client goals and risk profiles. Implement tools and technology that allow clients to tailor their investment portfolios. Personalization can enhance client engagement and satisfaction.
- **Sustainable and ESG Investments:** Respond to the growing interest in responsible and sustainable investing by developing a suite of ESG-themed investment products. This can include ESG-focused mutual funds, exchange-traded funds (ETFs), or impact investing options. Emphasizing ethical and sustainable investing aligns with evolving client preferences.
- **Education and Advisory Services:** Expand educational resources and advisory services to help clients make informed investment decisions. Providing guidance on financial planning, retirement strategies, and tax-efficient investing can add value to TIGITA's services.

**Technological Advancements:** To leverage technological advancements, TIGITA can consider the following strategies:

- **Digital Transformation:** Undertake a comprehensive digital transformation initiative to streamline operations, improve efficiency, and enhance the client experience. Implement automated portfolio management tools and digital onboarding processes.
- **Data Analytics:** Utilize data analytics to gain deeper insights into market trends, client behaviour, and investment performance. Data-driven decision-making can inform investment strategies and product development.



- **Cybersecurity:** Prioritize cybersecurity measures to protect sensitive client information and maintain trust. Regularly update security protocols and conduct cybersecurity audits.

**Regulatory Compliance:** To address regulatory changes, TIGITA can consider the following strategies:

- **Compliance Training:** Invest in ongoing compliance training for employees to ensure a deep understanding of and adherence to new regulations.
- **Compliance Oversight:** Establish a dedicated compliance department or engage external compliance experts to monitor and enforce regulatory compliance.
- **Adaptive Policies:** Maintain flexibility in policies and procedures to adapt swiftly to evolving regulatory requirements.

These proposed strategic options are tailored to address the challenges and opportunities highlighted in the case study. TIGITA Company Limited can consider a combination of these options to develop a holistic strategic plan that aligns with its long-term objectives and supports growth and success in the Rwandan and regional investment management sector.