CERTIFIED PUBLIC ACCOUNTANT
ADVANCED LEVEL 1 EXAMINATIONS
A1.1: STRATEGY AND LEADERSHIP
DATE: MONDAY 23, MAY 2026
MARKING GUIDE AND MODEL ANSWERS

<u>SECTION A</u>

QUESTION ONE

Marking Guide

Qn	Description	Marks
a	Examination of the competitiveness of Gwandaland's Automobile Manufacturing Industry: Must be explained well and linked to the case	
	A short but clear introduction/description to the Porter's Diamond	**2**
	Factor conditions (1 mark awarded for a correct description of this determinant and 2 marks for 2 correct examples from the case)	**3**
	Demand conditions (1 mark awarded for a correct description of this determinant and 2 marks for 2 correct examples from the case)	**3**
	Related and supporting industries (1 mark awarded for a correct description of this determinant and 2 marks for 2 correct examples from the case)	**3**
	Firm strategy, structure, and rivalry (1 mark awarded for a correct description of this determinant and 2 marks for 2 correct examples from the case)	**3**
	A valid conclusion that provides a brief assessment of Gwandaland's competitiveness	**2**
	A valid diagram/illustration of the Michael Porter's Diamond. No additional marks for a diagram with Gwandaland's data inside the diagram but no penalty as well	**2**
	TOTAL	**18**
b	Assessment of VHL's resources and capabilities: No requirement to use a table was provided. Hence, answers should be in sentence form. If a candidate answers in a tabular format with no explanations, half marks should be awarded where the classification is correct	
	A short introduction/description of what the resource audit is and its purpose or how it works	2
	Human capital/resources (1 mark awarded for any 1 correctly identified example from the case study. Maximum of 3 examples are awarded marks = 3 Maximum marks awarded)	3

	Financial Resources (1 mark awarded for any 1 correctly identified example from the case study. Maximum of 3 examples are awarded marks = 3 Maximum marks awarded)	3
	Technological Resources (1 mark awarded for any 1 correctly identified example from the case study. Maximum of 3 examples are awarded marks = 3 Maximum marks awarded)	3
	Improvements/Weaknesses (1 mark awarded for each correctly identified improvement from the case study. Maximum of 3 improvements are awarded marks = 3 Maximum marks awarded)	3
	A valid conclusion that summarises the state of VHL's resources or a statement which states that the resources are strong/robust	2
	TOTAL	**16**
c	A draft final warning letter to be issued to Ms Valentine by the company's CEO on 1 December 2023: To be correct, the answer must be presented in form of a letter	
	A correct date of 1 December 2023	1
	Addressee = Ms. Valentine Mahoro (Credit Analyst)	1
	The Salutation (Dear Ms. Mahoro or Valentine)	1
	A valid subject or Final Warning Letter (other valid subject lines are acceptable)	1
	A valid introduction to the letter	1
	Case 1 (05 November 2014) - Award 1 mark if explained and 0.5 marks if not explained	1
	Case 2 (15 August 2020) - Award 1 mark if explained and 0.5 marks if not explained	1
	Case 3 (20 May 2023) - Award 1 mark if explained and 0.5 marks if not explained	1
	A statement which states that Ms. Valentine is being issued with a final warning is awarded 1 mark	1
	A statement which states that any further misconduct or violation may result in termination of the employment contract	1
	Improvements suggested to avoid further disciplinary actions (1 mark is awarded for each correctly explained improvement = Maximum of 3 improvements)	3
	A statement which states that the letter shall be placed in her personnel file	1

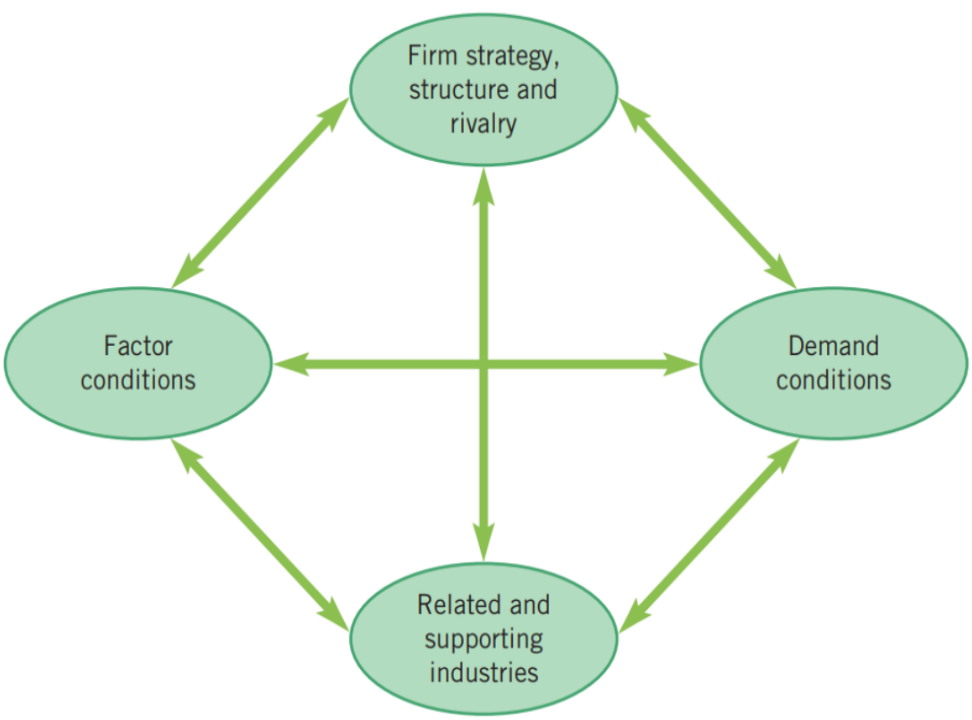
	A valid conclusion	1
	Sign off or the part which indicates who has issued the letter (CEO)	1
	TOTAL	16
Total Marks		**50**

Model Answer:

a) With reference to the Porter's Diamond, **examine the competitiveness of Gwandaland's Automobile Manufacturing Industry.**

Porter's Diamond framework explains the sources of national competitive advantage through four key determinants: factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry. The competitiveness of Gwandaland's automobile manufacturing industry can be analysed as follows:

<u>**Figure: Porter's Diamond - the determinants of national advantages**</u>



1. Factor Conditions

Gwandaland benefits from strong factor conditions that support the competitiveness of its automobile industry. The availability of a well-educated and skilled workforce, particularly in engineering and manufacturing, enhances productivity and supports innovation. In addition, access to essential raw materials such as steel and plastics reduces reliance on imports and lowers production costs. Significant investment in transportation infrastructure, including roads, ports, and rail systems, improves logistics efficiency and enables firms to operate effectively in both domestic and international markets. These advanced factor conditions provide a solid foundation for competitive advantage.

2. Demand Conditions

Domestic demand conditions in Gwandaland are favourable. Rising income levels have led to the emergence of a growing middle class with increased purchasing power, while urbanisation has driven demand for personal vehicles. Government policies that encourage domestic consumption further stimulate market growth. However, while demand is increasing, the case provides limited evidence of highly sophisticated or demanding customers. A lack of demanding consumers may reduce the pressure on firms to innovate continuously, which could affect long-term competitiveness.

3. Related and Supporting Industries

The presence of strong related and supporting industries enhances the competitiveness of the automobile sector. Local suppliers provide components and parts, reducing production costs and improving supply chain efficiency. Collaboration between manufacturers and research and development centres promotes innovation and continuous improvement in products and processes. In addition, vocational and technical institutions provide specialised training, ensuring a steady supply of skilled labour. These interconnections create an efficient industrial ecosystem that strengthens the industry's overall performance.

4. Firm Strategy, Structure, and Rivalry

The automobile manufacturing industry in Gwandaland is characterised by intense competition among domestic and international firms. This high level of rivalry encourages firms to improve efficiency, innovate, and adopt new technologies in order to gain a competitive edge. The presence of export-oriented firms further enhances competitiveness by exposing companies to international standards and markets. However, intense competition may also put pressure on profit margins, particularly if firms fail to differentiate their products effectively.

5. Evaluation and Conclusion

Overall, Gwandaland's automobile manufacturing industry demonstrates strong competitiveness across all four elements of Porter's Diamond. The combination of favourable factor conditions, growing domestic demand, a robust network of supporting industries, and intense rivalry has contributed to the industry's success.

However, the industry's long-term competitiveness may be challenged by external factors such as rising labour costs, increasing environmental regulations, and the global transition towards electric vehicles. In addition, dependence on export markets exposes firms to economic fluctuations in other countries. To sustain its competitive advantage, the industry will need to continuously innovate and adapt to changing global conditions.

b) Using the Resource Audit model, **assess VHL's resources and capabilities**.

A resource audit is an attempt to assess the strength of the resources available to the organization. Resource audit is an internal strategic analysis technique used to understand the current state of an organisation's resources and competencies. It helps to identify what the organisation currently has that it can build on and what are the areas that it needs to improve upon. Broadly these resources are categorised into two groups - tangible or hard and intangible or soft. The tangible resources comprise physical, financial, and human capital, whereas the intangible competencies include the reputation and know-how.

1. Human Resources

The case indicates that VHL employs highly skilled software engineers and developers sourced from leading universities, as well as experienced project managers. These human resources enable the company to develop innovative software solutions and manage complex IT projects effectively. In addition, the company's diverse and inclusive workforce supports creativity and collaboration, which are essential in the technology industry. However, the case also highlights that VHL has been unable to retain top talent. This weakness disrupts project continuity, reduces organisational stability, and may limit the company's ability to sustain innovation. Human resources are a significant strength, but poor retention undermines their long-term effectiveness.

2. Financial Resources

According to the case, VHL has healthy cash reserves, consistent profitability, and access to venture capital funding. These financial resources provide the company with the flexibility to invest in research and development, expand operations, and pursue new opportunities. However, the absence of contingency plans exposes the company to risks associated with market volatility and economic downturns. Financial resources are strong, but their strategic value is weakened by inadequate risk management.

3. Technological and Physical Resources

The case shows that VHL possesses proprietary software development tools, patented algorithms, and state-of-the-art data centres. These resources enhance efficiency, improve service delivery, and support the development of innovative solutions. Patented algorithms and proprietary tools are particularly valuable as they are difficult for competitors to imitate, potentially providing a sustainable competitive advantage.Technological and physical resources are valuable and potentially unique, forming a strong basis for competitive advantage.

4. Intangible Resources and Capabilities

VHL's intellectual property, including patented algorithms and technical expertise, represents an important intangible resource. The company also demonstrates strong capabilities in software development and project management. However, the case indicates that VHL has a limited global presence and has not diversified its service offerings. These weaknesses suggest limitations in its strategic capability to expand and compete in international markets. While VHL has strong innovation capabilities, its limited market reach reduces its overall competitive potential.

5. Overall Evaluation

Overall, VHL possesses a strong portfolio of resources, particularly in terms of human, financial, and technological assets. These resources support key organisational capabilities such as innovation and project delivery. However, weaknesses in talent retention, lack of contingency planning, limited global presence, and lack of diversification constrain the company's ability to fully leverage its resources. To sustain and enhance its competitive position, VHL must address these gaps while continuing to build on its existing strengths.

Human Resources: VHL possesses a strong team of highly skilled software engineers and developers, along with experienced project managers. This human capital is a core competency as it enables the company to develop innovative software solutions efficiently. The diversity and inclusiveness of its workforce contribute to a creative and dynamic work environment, fostering innovation and collaboration.

Financial Resources: VHL maintains healthy cash reserves and a consistent track record of profitability. These financial resources provide stability and flexibility, allowing the company to invest in research and development, expand operations, and explore new growth opportunities. Access to venture capital further supports innovation and expansion efforts.

Technological Resources: The possession of proprietary software development tools, patented algorithms, and state-of-the-art data centres represents a significant technological advantage. These resources enhance the company's ability to create cutting-edge software solutions and deliver high-performance IT services. Proprietary tools and patented algorithms also provide a unique selling proposition in the market.

Based on the Resource Audit model, VHL's core competencies include its skilled workforce, financial stability, technological prowess, and intellectual property. These core competencies contribute to its competitive advantages in the technology and IT services industry.

For VHL to continue to strengthen its chances of dominance, it must consider the following improvements:

1. **Talent Retention:** In the highly competitive tech industry, retaining top talent is crucial. The company should focus on employee retention strategies to prevent brain drain.
2. **Market Volatility:** While financial resources are strong, the company should have contingency plans in place to mitigate risks associated with market volatility and economic downturns.
3. **Global Expansion:** To expand globally, VHL may need to strengthen its international presence and adapt its offerings to diverse markets.

In conclusion, VHL's resource audit reveals a robust set of core competencies and competitive advantages, positioning it well in the technology and IT services industry. Addressing potential resource gaps and continuously enhancing its capabilities will be essential for sustaining competitiveness and future growth.

c) With reference to Ms Valentine Mahoro's disciplinary cases and KFL's policies, **draft a final warning letter to be issued to Ms Valentine by the company's CEO on 1 December 2023**.

December1, 2023

To: Ms. Valentine Mahoro

Credit Analyst, KFL

Dear Ms Mahoro,

Re: Final Warning Letter

I am writing to address the serious and recurring concerns regarding your conduct and performance at Karambo Finance Limited (KFL). As a long-standing employee of KFL for the past ten years, your contributions to the company have been significant. However, your recent disciplinary incidents have raised alarm and require immediate attention. The following disciplinary cases have occurred:

1. **Case 1 (05 November 2014):** On this date, you were issued a written warning for consistently failing to meet project deadlines. Despite repeated discussions and coaching, your inability to deliver projects on time has negatively impacted our clients and the overall team's performance.
2. **Case 2 (15 August 2020):** In this case, you were involved in a verbal altercation with a colleague, Mr. John Smith. Your behaviour during this incident violated our company's

code of conduct, which emphasizes respectful and professional communication in the workplace.

3. **Case 3 (20 May 2023):** Most recently, you were found to have violated our company's data security policy by mishandling sensitive client information. This breach of trust has had serious repercussions for our clients and the company's reputation.

These incidents, occurring over a span of time, indicate a pattern of behaviour that is inconsistent with the values and expectations we hold for all our employees. At KFL, we are committed to maintaining a professional and respectful work environment, and we have a zero-tolerance policy for behaviour that violates our company policies and code of conduct.

In light of the repeated and serious nature of these disciplinary cases, we are left with no choice but to issue you this final warning. This final warning should serve as a clear indication that any further misconduct or violation of company policies will result in more severe consequences, including the possibility of termination of the contract.

To avoid further disciplinary actions and ensure your continued employment with KFL, we expect you to take the following actions:

1. **Immediate Improvement:** You must demonstrate a significant improvement in your behaviour and performance, ensuring that projects are completed on time and in adherence to company policies.
2. **Professional Conduct:** You are expected to maintain professional and respectful conduct in all interactions with colleagues, clients, and stakeholders.
3. **Data Security Compliance:** Adhere to our data security policies rigorously to protect sensitive client information.
4. **Conflict Resolution Skills:** Consider seeking conflict resolution training to prevent any future altercations.

This final warning will be placed in your personnel file and will remain there for a duration of 12 months. During this time, your conduct and performance will be closely monitored. Failure to meet the expected standards will result in further disciplinary action, up to and including termination.

We value your contributions and believe that, with immediate and sustained improvement, you can positively contribute to Karambo Finance Limited. If you have any questions or require clarification regarding this final warning, please do not hesitate to contact me.

Sincerely,

Liam Nkuranga

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Chief Executive Officer

Karambo Finance Limited (KFL)

SECTION B

QUESTION TWO

Marking Guide:

Qn	Description	Marks	Total Marks
a	TUNGA's marketing mix strategies: Answers in the model answer are not exhaustive. Candidates may propose others, which is acceptable.		
	A short introduction/description of the marketing mix	2	
	Product Strategies (Award 2 marks for any 1 correct strategy that is linked to the context in the case study. Award 1 mark if the point is not well explained or not linked to the case study context)	2	
	Price Strategies (Award 2 marks for any 1 correct strategy that is linked to the context in the case study. Award 1 mark if the point is not well explained or not linked to the case study context)	2	
	Place Strategies (Award 2 marks for any 1 correct strategy that is linked to the context in the case study. Award 1 mark if the point is not well explained or not linked to the case study context)	2	
	Promotion Strategies (Award 2 marks for any 1 correct strategy that is linked to the context in the case study. Award 1 mark if the point is not well explained or not linked to the case study context)	2	
	A valid diagram/illustration of the marketing mix. No additional marks for a diagram with TUNGA's data inside the diagram but no penalty as well. Alternative valid diagrams are acceptable.	2	12

Qn	Description	Marks	Total Marks
b	TUNGA's Management by Objectives (MBO): A good answer should first introduce the Management by Objectives (MBO) followed by strategies to improve TUNGA's strategic planning and performance management processes. Answers in the model answer are not exhaustive. Candidates may propose others, which is acceptable.		
	A short introduction/description of the Management by Objectives (MBO)	2	
	Award 2 marks for any 1 well explained strategy that is linked to TUNGA's context. Award 1 mark if it's not linked to TUNGA's context or not explained well. 2*5=10 maximum marks. Other valid answers suggested by candidates but not in the model answer are acceptable.	10	
	A valid diagram/illustration of the Management by Objectives (MBO)	1	13
	Total Marks		**<u>25</u>**

Model Answers:

a) **Examine the marketing mix strategies that TUNGA can employ to address environmental sustainability concerns in cement production while maintaining market competitiveness.** *Hint: Categorise your strategies in the 4Ps: (Product, Price, Place, Promotion).*

The marketing mix, often referred to as the "4Ps," is a fundamental framework that businesses use to plan and execute their marketing strategies effectively. It consists of four key elements:

a. **Product** includes research and development, package, labelling, and branding.

b. **Price** covers pricing, discounts, and credit.

c. **Place** would include all distribution activities.

d. **Promotion** includes personal selling, advertising, Public relations (PR), etc.

Together, these four elements of the marketing mix help businesses create a comprehensive marketing strategy that effectively addresses customer needs, differentiates their offerings from competitors, and maximizes their market presence and profitability. The marketing mix is demonstrated in Figure 3.1 below:

Figure 3.1: The Four P's Components of the Marketing Mix

TUNGA Company Limited should consider the following strategies to address environmental sustainability concerns while maintaining market competitiveness:

Product Strategies:

Low-Carbon Cement Product Line: Introduce a dedicated line of low-carbon cement products, prominently labelled as "Eco-TUNGA Cement. These products will have a significantly lower carbon footprint due to optimized manufacturing processes and the use of alternative, environmentally friendly materials such as fly ash or slag. Highlight the benefits of reduced carbon emissions and appeal to environmentally conscious consumers and construction companies.

Certification and Eco-Labelling: Seek third-party environmental certifications and eco-labels for TUNGA's sustainable cement products. Certifications from organizations like the Green Building Council or local environmental agencies provide credibility and assurance of environmental responsibility, making the products more attractive to builders focused on sustainable construction.

Price Strategies:

Competitive Pricing: Offer competitive pricing for the low-carbon cement products compared to conventional cement in the market. Position the eco-friendly option as accessible and affordable to a wide range of customers. Consider tiered pricing, where bulk purchasers receive additional discounts, encouraging larger orders.

Discounts for Green Building Projects: Collaborate with construction firms engaged in green building projects by offering exclusive discounts or incentives for using TUNGA's sustainable cement products. This strategy not only supports sustainability but also creates partnerships in the construction industry.

Place Strategies:

Expanded Distribution Network: Strengthen the distribution network by partnering with additional retailers and construction material suppliers, ensuring that low-carbon cement products are readily available across Rwanda. Consider establishing dedicated eco-corners within stores to highlight sustainable options.

Eco-Focused Construction Firms: Partner with construction companies that prioritize sustainability in their projects. Collaborate closely with these firms to ensure a steady supply of sustainable cement and offer training on its optimal use in green building practices.

Promotion Strategies:

Sustainability Campaign: Launch an extensive sustainability-focused marketing campaign, including digital and traditional channels. Emphasize TUNGA's commitment to environmental responsibility, showcasing the reduced carbon footprint of its low-carbon cement products. Utilize visuals, testimonials, and case studies to engage and educate the target audience.

Educational Webinars: Host a series of webinars on sustainable construction practices, featuring industry experts and TUNGA representatives. These webinars can educate construction professionals, architects, and engineers on the benefits and applications of low-carbon cement, positioning TUNGA as a thought leader in sustainability.

Green Partnerships: Collaborate with environmental organizations and NGOs in Rwanda to support sustainability initiatives. Join hands with these entities to conduct tree planting drives, carbon offset programs, or community engagement projects, while promoting TUNGA's eco-friendly products.

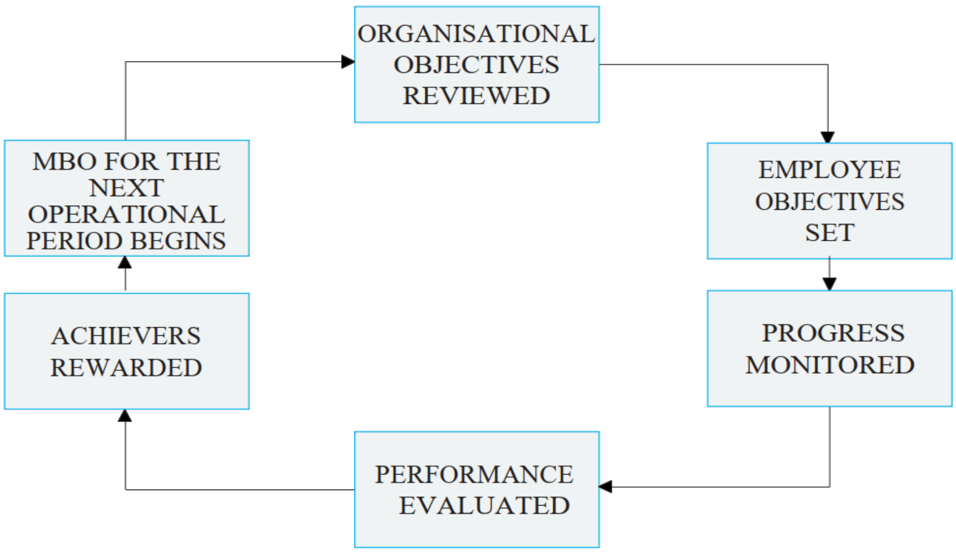
In-Store Product Demos: Organize in-store product demonstrations at major retailers, showcasing the use and advantages of low-carbon cement. Allow potential customers to see and feel the product's quality and sustainability benefits firsthand.

By implementing these strategies, TUNGA can effectively address environmental sustainability concerns through its marketing mix while ensuring that its products remain competitive and appealing to a broad customer base. These approaches align with TUNGA's commitment to sustainability and can contribute to its long-term success in the cement production industry in Rwanda.

b) **Explain how TUNGA Company Limited can implement Management by Objectives (MBO) to improve its strategic planning and performance management processes.** (14 Marks)

Management by objectives (MBO) is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans encourages participation and commitment among employees, as well as aligning objectives across the organization. The term was first outlined by a management guru Peter, Drucker in his 1954 book, *The Practice of Management*. Figure 3.2 below illustrates MBO:

Figure 3.2: The MBO system of management



TUNGA can implement MBO in the following ways:

Goal Alignment: Define clear, cascading objectives from corporate to departmental and individual levels, ensuring that each employee understands their role in achieving broader company goals.

Employee Involvement: Involve employees in the goal-setting process to enhance commitment and motivation. Employees can contribute their insights into operational challenges and opportunities.

Regular Monitoring: Establish regular check-ins and performance reviews to track progress toward objectives. Provide constructive feedback to employees to guide their efforts.

Training and Development: Identify skill gaps and incorporate training and development plans into the MBO process, ensuring that employees have the necessary skills to achieve their objectives, emphasizing the importance of goal alignment, SMART objectives, and the role of feedback and performance evaluation.

Key Performance Indicators (KPIs) Development: Alongside setting specific objectives, TUNGA can establish clear Key Performance Indicators (KPIs) for each objective. These KPIs should be quantifiable and directly tied to the objectives, providing a tangible way to measure progress and success.

Regular Review Meetings: Implement regular review meetings, ideally on a quarterly or monthly basis, where managers and employees can assess progress toward objectives, discuss challenges, and make necessary adjustments. These meetings foster accountability and alignment.

Performance Appraisal: Incorporate MBO results into the performance appraisal process. Linking individual performance to the achievement of objectives reinforces the importance of goal attainment within the organization.

Technology Integration: Utilize performance management software or tools that streamline the tracking and monitoring of objectives and KPIs. These technologies can provide real-time updates, making it easier to assess progress.

Clear Communication: Ensure that communication regarding objectives is clear, consistent, and transparent throughout the organization. Everyone should understand the objectives and their role in achieving them.

Reward and Recognition: Implement a system of rewards and recognition for individuals and teams who consistently meet or exceed their objectives. This encourages motivation and commitment to the MBO process.

Alignment with Corporate Strategy: Ensure that the objectives set within the MBO framework align closely with the overall corporate strategy of TUNGA. This alignment ensures that MBO contributes directly to the company's overarching goals.

Continuous Improvement: Encourage a culture of continuous improvement within the MBO framework. Encourage employees to seek ways to improve processes and achieve objectives more efficiently.

QUESTION THREE

Marking Guide

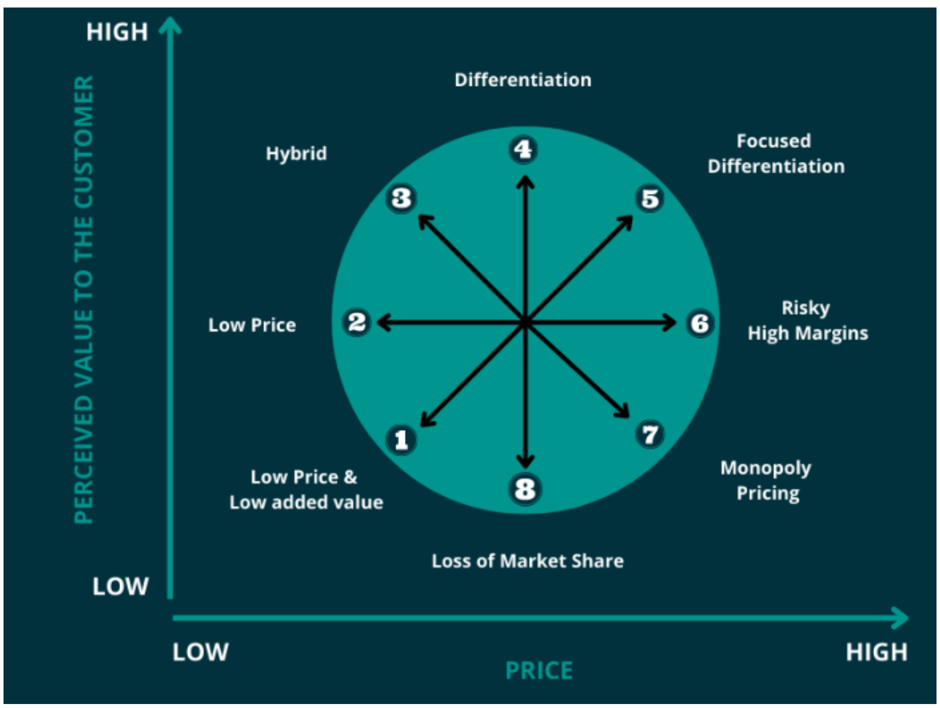
Description	Marks
a) Clock strategy	
1 Identification and 1 explained a clock strategy	2
1.5 Competitive strategy each explained point of Imanzi	6
1.5 Competitive strategy each explained point of Virunga	6
b) Idenfication and justification	
Identification of game between Imanzi and Virunga ltd	2
Correct Explained justification	2
c)	
1 Mark each recommendation explained well	7

Total Marks	25

Model Answer

a) Strategy Clock

The Strategy Clock is a strategic management model developed by Bowman that helps firms understand their competitive position in the market based on two key dimensions: price and perceived value. It illustrates different strategic options available to businesses, ranging from low-price strategies to high-value differentiation strategies. By using the Strategy Clock, firms can identify how they compete, whether through cost leadership, differentiation, or a combination of both, and assess how their choices influence competitiveness and customer perception in the market.



Using this model, we can identify and justify the likely strategies used by each company as follows:

1. Imanzi Beverages Ltd: **– Differentiation Strategy (Position 4 on Strategy Clock).** Imanzi beverages Ltd is best positioned under a **differentiation strategy**, where it offers **high-quality, specialised services at a relatively high price**.

- Focus on **senior healthcare services that are customised and specialised**
- Strong emphasis on **quality of care, skilled staff, and patient experience**
- Customers are willing to pay more for trust, safety, and reliability

- Competes through **service excellence rather than low prices**

This strategy helps the company build **customer loyalty and brand reputation**, making it less sensitive to price competition.

2. Virunga Fresh Ltd

Strategy Used: Low Price Strategy**, (Position 2 on strategy clock)** the company:

- Focuses primarily on affordability.
- Uses low-cost production methods.
- Minimal marketing expenditure.
- Uses informal distribution channels.
- Simple packaging reduces costs.

Virunga competes mainly on price to attract price-sensitive consumers. Imanzi competes through differentiation and value creation, while Virunga competes through cost leadership and low pricing.

b) Game Theory

This situation represents a Sequential Game (reactive strategic game based on observed actions) because Imanzi Beverages Ltd is now making strategic decisions after observing the actions of Virunga Fresh Ltd. Following Virunga's established low-price strategy and its suggestion during the meeting to imitate Imanzi's approach, Imanzi is currently in a decision-making stage where it must respond strategically to the existing market conditions. The interaction between the two firms is therefore not simultaneous, but instead based on reaction and adjustment over time, where each firm's decisions are influenced by the previous actions of the other.

c) Imanzi should not copy Virunga's low-price model that would erode its strengths. Instead, it should defend and strengthen its position.

1. Strengthen Differentiation (The "Moat")
Firstly, Imanzi should strengthen its differentiation strategy by further improving product quality. Since Virunga faces challenges with consistency and shelf life, Imanzi can invest in better technology and processes to ensure superior product quality. This will make its products clearly different and more reliable than those of competitors.

2. Strengthen Brand Loyalty
Strengthen brand loyalty. Imanzi already has a strong reputation for quality and reliability, and it should build on this by developing closer relationships with customers. For example, it can introduce loyalty programmes or long-term supply arrangements with offices, cafés, and retailers to retain customers and reduce the risk of losing them to competitors.

3. Communicate the "Value Gap"

Imanzi should clearly communicate the value of its products to customers. It should educate consumers on why its products are worth a slightly higher price by highlighting factors such as hygiene standards, health benefits, and consistent quality. Improved marketing and transparency can help customers better understand the difference between Imanzi and lower-priced alternatives.

4. Optimize Cost Structure (Operational Excellence): the company should improve its operational efficiency. By reducing unnecessary costs and improving supply chain efficiency, Imanzi can maintain profitability and, if necessary, slightly adjust prices without reducing quality. This will help the company remain competitive in a price-sensitive market.

5. Product Proliferation

Before Virunga can copy their mixed fruit recipes, Imanzi should launch limited-edition seasonal flavors or "functional" juices (e.g., immunity boosters with ginger/zinc). By occupying more "shelf space" (both physical and mental), they leave less room for a newcomer to gain a foothold.

6. Continuous Product Innovation: Imanzi should continue investing in product innovation. Introducing new flavours, healthier options, and unique product features will help the company remain attractive to customers and stay ahead of competitors. Innovation also makes it more difficult for competitors to imitate its products.

7. Expand Distribution Channels: the company should expand its distribution and accessibility. This may include reaching more outlets or introducing smaller and more affordable packaging sizes. This approach allows Imanzi to serve a wider market without fully adopting a low-cost strategy.

QUESTION FOUR

Marking Guide:

QN	Description	Marks	Total Marks
a	Evaluating the three shortlisted candidates for the Chief Accountant position: The evaluation should be linked to NYOTA's selection criteria in the case study		
	A short and correct introduction of recruitment and selection	2	

QN	Description	Marks	Total Marks
	Award 2 marks if a candidate correctly identifies the suitable candidate as Bob	2	
	Award 2 marks for any valid and robust justification as to why Bob is the correct candidate (reasons are in the case study i.e CPA, direct experience etc). Award 1 mark for each correct reason (1 mark * 2 reasons = 2 marks)	2	
	Award 2 marks for reasons why Anita and Chris are not suitable candidates (Award 1 mark for a valid reason for Anita and 1 mark for a valid reason for Chris)	2	**8**
b	NYOTA's organisational structure: A good answer should correctly identify divisional structure as the correct answer and explain why		
	A short and correct introduction of organisational structures	1	
	Award 2 marks if a candidate correctly identifies the suitable structure as divisional structure	2	
	Award 2 marks for any valid and robust justification as to why a divisional structure is the suitable structure. Award 1 mark for each correct reason (1 mark * 2 reasons = 2 marks)	2	
	Any valid diagram/illustration of a divisional structure	1	**6**
c	NYOTA's BCG Matrix: A good answer should have a short introduction of the BCG Matrix followed by an appropriate discussion of each category of products and strategies. Alternative correct strategies provided by candidates not in the model answer should be considered.		
	Question Mark (Award 1 mark for a correct identification of the product - Mango Fusion Juice - and 1 mark for a correct justification. Award 1 mark for any one correctly recommended strategy)	3	

QN	Description	Marks	Total Marks
	Star (Award 1 mark for a correct identification of the product - Pure Spring Bottled Water - and 1 mark for a correct justification. Award 1 mark for any one correctly recommended strategy)	3	
	Cash cow (Award 1 mark for a correct identification of the product - Classic Passion Fruit Juice Concentrate - and 1 mark for a correct justification. Award 1 mark for any one correctly recommended strategy)	3	
	Dog (Award 1 mark for a correct identification of the product - Dairy Delight Yogurt Drink - and 1 mark for a correct justification. Award 1 mark for any one correctly recommended strategy)	2	**11**
Total Marks			**25**

Model Answer:

a) **Evaluate the three shortlisted candidates for the Chief Accountant position and select the most suitable candidate for NYOTA Ltd. Justify your choice.**

The process of recruitment and selection is concerned with job analysis, sourcing the candidates, assessing the possible candidate's suitability, and executing an induction programme. Recruiting is defined as "activities or practices that define the characteristics of applicants to whom selection procedures are ultimately applied." Today, recruiting is sometimes referred to as *talent acquisition* to reflect the importance of the human factor in the organization's success.

Regarding NYOTA's ongoing recruitment process, **Bob** is the most suitable for the Chief Accountant position with reference the company's selection criteria. While Anita has strong financial expertise, her lack of industry experience is a drawback. Chris possesses excellent leadership skills, but their experience in the beverage sector is only moderate. Bob, however, has CPA certification, direct experience in the beverage industry, and a balance of financial and leadership skills. Their extensive knowledge of industry-specific accounting standards makes them the best fit for NYOTA Ltd.

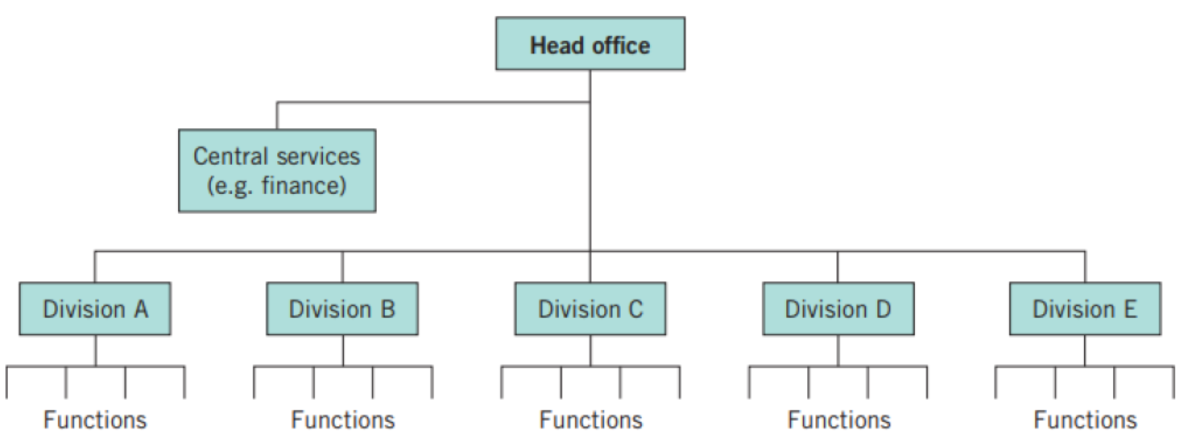
b) Based on NYOTA Ltd's strategy and main company roles, **recommend the most suitable organizational structure for the company and explain why it is the best fit.**

Organisational structure provides the framework for the activities of the organisation and must harmonise with its goals and objectives. The nature of the organisation and its strategy will indicate the most appropriate organisational levels for different functions and activities and the formal relationships between them.

A **divisional structure** is the most suitable for NYOTA Ltd. Since the company manages multiple product lines with distinct target markets, dividing operations by product categories will improve efficiency and accountability. This structure allows dedicated teams to focus on specific products and allows divisional managers to make independent decisions with less interference from top management, enhancing strategic decision-making and responsiveness to market changes. It also supports NYOTA's expansion plans by enabling regional divisions to adapt strategies based on local market conditions.

NYOTA's organizational structure would typically looks like that illustrated in figure 3.1 below:

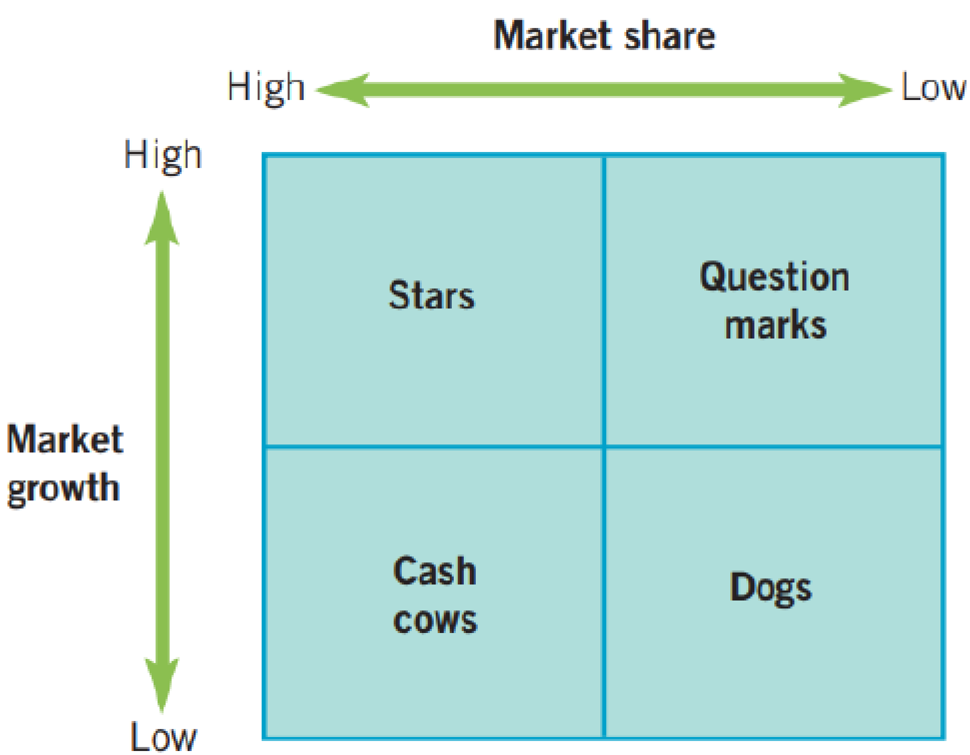
<u>**Figure 3.1: A divisional Structure**</u>



c) **Analyse NYOTA Ltd's product portfolio using the BCG Matrix and provide strategic recommendations for each category.**

The Boston Consulting Group's (BCG's) growth/share matrix is among the best known of these approaches. In the BCG approach, each of the firm's strategic business units (SBUs) is plotted on a two-dimensional grid in which the axes are relative market share and industry growth rate. The grid is broken into four quadrants. The BCG matrix uses market share and market growth criteria for determining the attractiveness and balance of a business portfolio. High market share and high growth are, of course, attractive. However, the BCG matrix also warns that high growth demands heavy investment, for instance to expand capacity or develop brands. There needs to be a balance within the portfolio, so that there are some low-growth businesses that are making sufficient surplus to fund the investment needs of higher-growth businesses. Figure 3.2 demonstrates a BCG matrix.

Figure 3.2: The growth share (or BCG) matrix



In the BCG Matrix analysis:

Mango Fusion Juice is a **question mark** as it is a new product that also requires high investment to build market share. NYOTA should focus on aggressive marketing and distribution to turn it into a star.

Pure Spring Bottled Water is a **star** because it is a best seller with both great market share and market growth. Continued investment in branding and distribution will sustain its market leadership and potentially transition it into a cash cow.

Classic Passion Fruit Juice Concentrate is a **cash cow** because it is a well-established or mature product with a consistent profit for the company. NYOTA should continue to milk these profits and use its revenue to support other growing products.

Dairy Delight Yogurt Drink is a **dog** as it is facing declining sales due to changing consumer preferences and increased competition. NYOTA should consider either repositioning it through innovation or phasing it out to reallocate resources to more profitable segments.

End of Marking Guide and Model Answers