



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF ECONOMICS AND BUSINESS SCIENCES

EXAMINATION PAPER

COURSE CODE : CBM401  
COURSE TITLE : STRATEGIC MANAGEMENT  
SPECIAL REQUIREMENTS :  
DURATION : 3 Hours  
LEVEL : 4.1  
DATE :

18 MAR 2021

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. The paper comprises of **Part A** and **Part B**
3. Answer a total of **FOUR (4)** questions including **Part A (Question 1)** a **COMPULSORY** mini-case study question.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in

## **PART A (COMPULSORY)**

### **Question 1**

Read the following case study and answer questions that follow.

Econet Wireless Zimbabwe's financial results for the year ending February 2020 are out. The country's largest mobile network operator (MNO) ended the 2010s on a financially challenging note. For the first time in the decade, Econet posted a loss of ZW\$1 352 966 000. Yes, over a \$1 billion in losses – quite the number. Within the report, Econet attributed this number to foreign exchange losses which lost the company ZW\$6.1 billion. Foreign exchanges losses occur when a company buys or sells goods/services in a foreign currency and the currency fluctuates relative to their home currency.

In the context of Econet, the infrastructure required for their network maintenance and servicing is bought using forex and the service they sell is sold in ZW\$. We all saw the ZW\$ go on a freakish descent and lose its value in 2019 thus resulting in the currency fluctuation. Because the ZW\$ (which is the home currency in this situation) lost its value after conversion – Econet made foreign currency losses (i.e exchange loss). Having looked at POTRAZs Q2 2020 report a few weeks ago, it's not entirely surprising that foreign exchange losses are hurting MNOs this much. In that report, POTRAZ noted that operating costs including foreign currency losses for MNOs in the first half of 2020 amounted to ZW\$21.1 billion. The fact that the foreign currency losses ballooned in Q2 is also worrying because it means exchange losses will probably have a big effect on Econet's balance sheet again going forward. Discounting the exchange losses made by Econet, there are some positives. The company was profitable in certain regards. The MNOs profit from operations was ZW\$1.1 billion.

Econet also increased their revenue by 31% from ZW\$5.2 billion to ZW\$6.8.

Market share for data traffic increased by 4%

Market share for voice traffic increased by 4%

a) Explain what caused Econet to record a loss in the financial year ending February 2020.

**[8 marks]**

b) Advise Econet on the way forward to avoid any more losses and to enhance areas it has been doing well.

**[17 marks]**

**RT B (CHOOSE ONLY THREE QUESTIONS FROM THIS SECTION)**

**Question 2**

- a. Resources and capabilities analysis is done for major two reasons, one of which is to generate and enhance competitive advantage. Explain any two sources of competitive advantage for each of the following business contexts;
- i. Small scale farmer [4 marks]
  - ii. Econet wireless [4 marks]
  - iii. Chicken Inn [4 marks]
- b. Explain how the Boston Consultive Group Matrix on product portfolio analysis may be used by an organisation to review its product range. [13 marks]

**Question 3**

Critically analyse how the pursuit of a low-cost leadership strategy may contribute towards the value added and ultimately the competitive advantage of an organisation. [25 marks]

**Question 4**

Discuss the process that an organisation may systematically follow in order to discover opportunities and/or threats in its business environment. [25 marks]

**Question 5**

- a. Motivate why both an existing business and a new one need a vision and a mission. [10 marks]
- b. Give an example of a corporate objective and show how the same is decoded at the business level as well as at the functional level. [15 marks]

**-THE END-**