



**ICPAR**  
Unlimited possibilities

**CERTIFIED PUBLIC ACCOUNTANT  
ADVANCED LEVEL 1 EXAMINATIONS**

**A1.1: STRATEGY AND LEADERSHIP**

**DATE: MONDAY, 28 MARCH 2022**

**INSTRUCTIONS:**

- 1. Time Allowed: 3 hours 45 minutes (15 minutes reading and 3 hours 30 minutes writing).**
- 2. This examination has two sections: A & B.**
- 3. Section A has one Compulsory Question while section B has three optional questions to choose any two.**
- 4. In summary attempt three questions.**
- 5. Marks allocated to each question are shown at the end of the question.**
- 6. The question paper should not be taken out of the examination room.**

## **SECTION A**

### **QUESTION ONE**

#### **University of Mutingito Manufacturing:**

University of Mutingito Manufacturing (UoM) is a collegiate public research university in Rubavu district. The university was established in 1970s by the people of Rubavu after realising that there was shortage of quality universities across the western and northern provinces of Rwanda. UoM's mission is to become a leading online teaching higher institution in the region.

#### **The strategy development debate**

The university board admits that times have changed and that UoM needs not only a new strategy but a new strategy formulation mechanism. However, the board is split between various strategy formulation options. Most of the longest serving board members favour the existing deliberate strategy development option while the newer and relatively younger side of the board proposes the adoption of the emergent strategy development option.

#### **The revamp of activities**

Mr Murangi Elvis, UoM's Deputy Vice Chancellor, recently requested that the university's operations get revamped to boost the university's competitiveness at the face of a widely globalised and competitive education sector. The revamp resulted in a re-arrangement of UoM's activities to allow the university to become a leader in the area, a strong globalised one. 'The universities are competing all over the world, so we have to differentiate to attract top students', suggested Mr Elvis in a recent press conference held at the university. All the strategies adopted in the revamp are meant to stay in the business, because the universities' results should match the needs of the end users, in this case the labour market.

All newly revamped university activities follow the conventional educational flow. The students/teachers are recruited, trained and they are well prepared for the competitive workforce market. For succeeding, UoM has pledged to develop creative marketing strategies, and to provide services for attracting future candidates. UoM admits students from top performing high schools and as well as employees wanting to improve their knowledge. The University has plans to attract external funds that may come from non-reimbursable sources such as grants. They will stand as base for acquiring equipment and modern technologies which will facilitate professional teaching and research.

UoM's teaching methods will now be largely computer-based and interactive. The lecturers will mostly act as facilitators to students for finding answers by their own capabilities. Dictated courses are to be phased out. Blended learning will be encouraged where modules will be delivered both virtually and physically. The university administration believes that on-line courses are solutions for busy students that cannot participate at fixed locations and timeline. UoM is focused on innovation; therefore, it enrolls researchers and develops doctoral stages for discovering new products or materials that will be delivered in the business market.

By implementing the revamp, UoM hopes to deliver graduates who will be prepared for the workforce market, researchers who may continue with doctoral studies or enrol in research institutions, and

lecturers who will be able to spread the knowledge around the community and all over the world. Furthermore, this will also potentially help to promote the university or, contrary, to discourage future candidates to apply, if they don't feel the added value.

An important element of the revamp is to promote dialogue between students, lecturers, and the business community to enhance a mutually beneficial system to all stakeholders. Students will be trained more effectively and learn from others, lecturers will update their curricula based on the business market's interests, and companies may use the results of studies and research in their specific area. Thus, new ideas and best practices may be spread around the business and academic community. Because online courses will be widely accessed in the academic and business environment, this will market the university worldwide.

The new system puts post-education services at the centre of the university's purpose. Even if UoM is a knowledge provider, it believes that its visibility in the business environment is a key factor for attracting future students, teachers, and researchers. Additionally, the research and development (R&D) activity may bring products or services for the global environment. The companies may pay for the inventions, patterns, or other intellectual property, which may be a major source of financing future projects. Moreover, this may be a successful way to attract pay-fee students.

The revamp has provided for numerous services that will operate as a cornerstone to the university by either adding value by themselves or through important relationships with core university activities and other support activities. The new university structure includes procurement, technology development, human resource management, and general administration.

### **UoM's proposed project**

The University understands that over 100 million people have enrolled in Massive Open Online Courses (MOOCs) in about 900 universities that offer more than 11,000 MOOC courses since its inception in 2008. Therefore, the university intends to follow the trend. As a result of the revamp, the UoM recently published a tender in newspapers and social media that welcomes proposals from faculty for a wide range of online course projects with the potential to enhance teaching and learning for a diverse student population at the university. UoM especially encourages proposals that implement the key recommendations of the university's strategy of promoting online education through MOOCs which has been endorsed by the university President. These include promoting access and retention across the curriculum, especially in science, technology, engineering and mathematics (STEM) courses, faculty and department-wide projects such as small private online courses to support their curricula, and research and dissemination of effective practices in online and blended learning. The tender indicates that all submissions shall be sent to the project manager's email: [kabasha.ernest@uom.ac.rw](mailto:kabasha.ernest@uom.ac.rw) not later than a month after the publication of the tender.

### **Rwanda's education system**

A recent study published by a consortium of top-ranking education researchers on the education system in the eastern African region reveals that Rwanda's education system has many highly competitive universities. The study suggests that there is strong rivalry amongst lots of universities amongst themselves and between them and vocational training centers and other training institutions. There is no clear dominant university which creates intense competition.

The study also reveals that because of the sophistication of the Rwandan and regional businesses. Businesses seem to need the skills produced by universities in Rwanda. A quote from the study reads 'Rwanda's innovation city with dynamic and modern technology training universities that are globally recognised is a pat on the back for the country.' There is also pressure for the education sector in Rwanda to generate capable skills for the Kigali International Financial Centre (KIFC), a financial centre that will transform Rwanda into an international financial destination for investors seeking opportunities across the African continent.

Furthermore, the study indicates that Rwanda is flooded with many sectors that feed into the education sector and skilled university trainers as well as the government's focus on scientific research as part of its strategy of becoming a knowledge hub. Rwanda's competitiveness as indicated by various ranks, high level of school enrolment, a growing sophisticated business ecosystem boosted by KIFC.

There is, however, limited availability of education focused grants and other sources of funds which forces universities in Rwanda to think outside the box regarding improving their infrastructure and funding their activities including research. Because Rwanda is relatively geographically small, universities are faced with limited land to develop many state-of-the art buildings to serve various purposes compared with other universities around the world. Another challenge faced by Rwanda, as reported in the study, is its low population. This often means that universities must be able to attract foreign students if they are to enjoy economies of scale.

**Required:**

**(a) Making reasonable assumptions, propose both strategic and financial objectives that would suit the UoM. (4 Marks)**

**(b) Examine the two strategy formulation options debated by the university board and advise the board on which option to adopt. (7 Marks)**

**(c) Discuss UoM's revamped value-creating activities using the value-chain analysis and advise how UoM could achieve competitive advantage using the revamped activities. (24 Marks)**

**(d) Refer to UoM's tendered project and;**

**i. Discuss how the proposed project enhances UoM's mission. (2 Marks)**

**ii. State the project manager's responsibilities for the project. (3 Marks)**

**(e) With reference to the recently published education sector study, evaluate the attractiveness of Rwanda's education system using the Porter's Diamond. (10 Marks)**

**(Total: 50 Marks)**

## **SECTION B**

### **QUESTION TWO**

#### **Rwema Ventures Ltd:**

Rwema Ventures Limited (RV Ltd) is a Rwandan based conglomerate holding company headquartered in Kiyovu, downtown in Kigali. The company fully owns Rwivanga Ltd, Ramba Ltd, Mbyo Ltd, and Tandaro Ltd. RV Ltd also owns 56.8% of Tunga Industries Ltd and significant minority shareholdings in companies such as Rebero Ltd (19%), Gasogi Vision Ltd (15%), and Gahanga Investments Ltd (8%).

The company is under the leadership of the famous Kamanda Naome, a Rwandan business guru who serves as chairperson and chief executive. Since RV Ltd's incorporation in 1995, it has focused on long-term investments in both publicly traded companies and whole companies. Mrs Kamanda does not believe in the idea of large offices with many 'unnecessary' staff and believes that there is no need for RV Ltd to get closely involved in the routine management of the businesses, only acting over short periods of time to improve performance by target setting, intervention, and the provision (or withdrawal) of investment.

Mrs Kamanda's philosophy is that RV Ltd should only act as an agent on behalf of financial markets and shareholders with a view to extracting more value from the various businesses than they could achieve themselves. This means that RV Ltd's main business is to identify and acquire under-valued assets or businesses and improve them. They may not be much concerned about relatedness typically adopting a conglomerate strategy. RV Ltd small corporate staff and few central services, leaving the business units alone so that their chief executives have a high degree of autonomy. A recent analyst described Mrs Kamanda's perception towards cost as 'allergic to costs at the centre'. However, RV Ltd holds an annual workshop in which the company's financial targets are agreed with chief executives for each of the business units and those who achieve them are rewarded highly.

Every year, the company's business performance management team assesses all business units in which RV Ltd invested and categorises them into those with good prospects and those with less good prospects. This helps RV Ltd manage its portfolio of business units. In 2010 Ramba Ltd, one of the business units, launched a bus conductor provider service that would serve Kigali and other districts.

However, with the introduction of 'tap and go' technology, conductors became irrelevant, and the service became totally unimportant. The company is still unsure of how to deal with this service.

Rwivanga Ltd, one of the RV Ltd's owned business units, deals in the hospitality sector. Specifically, the company owns and runs hotels and restaurants across the country. The company's management believes that it is almost impossible to develop a product or service that is equally appealing to all consumers in the market. This is because consumers purchase products or services according to their sex, age group, income, occupation, or even geographical location. Based on this, the company's marketing team deploys behavioural market segmentation to market the company's products and services.

**Required:**

- (a) Referring to RV Ltd's corporate centre's philosophy:
    - i. **With specific reasons, identify which role is played RV Ltd to its business units.** (4 Marks)
    - ii. **Advise Mrs Kamanda and her team on what activities RV Ltd as a corporate parent can do that will potentially add and destroy value to its constituent business units.** (8 Marks)
  - (b) Using the GE-McKinsey Matrix, **discuss how RV Ltd potentially assesses the performance of its business units and advise Ramba Ltd on the best future direction to pursue with its bus conductor service.** (8 Marks)
  - (c) Making relevant assumptions, **conduct Rwivanga Ltd's behavioural market segmentation of its customers in its hotels and restaurants business.** *Note: Please use user and usage-related variables.* (5 Marks)
- (Total: 25 Marks)**

**QUESTION THREE**

**Vuga Rwanda Limited and Tangaza Rwanda Limited:**

Vuga Rwanda Limited (VR Ltd) and Tangaza Rwanda Limited (TR Ltd) are the two only telecommunication companies in Rwanda. They offer a wide range of offers voice and data services and solutions to the Rwandan market which include. The most common and widely consumed service is phone service. Other services offered by both companies include Internet, television, and networking for businesses and homes. They are the only two companies in the telecommunication industry in the country with homogenous services and high entry barriers.

The two companies have been recently caught in what experts have called 'the telecom race to the bottom' by being under pricing pressure, because of falling demand. Each of the two companies intends to announce significant price cuts on phone data but because each company does not know how its competitor will react, it is not sure whether it should announce these cuts in prices or to hold their prices up. If both choose to hold their prices, they both earn profits of FRW 570 million. However, if one competitor (VR Ltd or TR Ltd) pursues the significant price cuts on its own while the other does not, the significant price-cutter earns FRW 720 million profits while the market-share-losing competitor earns only FRW 140 million. If each reason in the same way, the two competitors will both cut prices at once resulting in a return of just FRW 330 million.

The telecommunication sector in Rwanda is regulated by the Rwanda Telecommunication Regulatory Authority (RTRA). RTRA encourages competitiveness of the telecommunications industry in Rwanda and has established antitrust rules for preventing anticompetitive behaviours, ensuring merger reviews. The two rivals cannot communicate officially as this is considered by RTRA as anti-competition collusion.

VR Ltd management spun off one of its services and created an independent entrepreneurial venture named VR Ventures Ltd, which will oversee innovations that will help realise VR Ltd's dream of becoming an undisputed market leader. VR Ventures Ltd intends to develop its strategy internally and

organically. New ideas will be reviewed, tested, and launched through an expedited entrepreneurial approach. Currently, VR Ventures Ltd is in the process of developing SpeedNet, a technology solution that applies Artificial intelligence (AI) and machine learning (ML) to resolve numerous problems related to network performance to significantly revolutionise internet speed and low latencies for Rwandans.

**Required:**

- (a) Using an appropriate illustration, discuss if VR Ltd and TR Ltd are likely to benefit from collaboration or competition. *Hint: Apply the Prisoner's Dilemma.* (8 Marks)
  - (b) Examine the stages of entrepreneurial growth VR Ventures Ltd is likely to go through to develop SpeedNet. (10 Marks)
  - (c) Discuss advantages VR Ventures Ltd is likely reap from relying on organic strategy development. (7 Marks)
- (Total: 25 Marks)**

**QUESTION FOUR**

**Rutoma Academy High School:**

Rutoma Academy High School (RAHS) is a private high school located in western Rwanda. The school was established in 1998 by a group of young Rwandans who believed there was a shortage of good English teaching schools in the region and wanted to make a difference. The school structure is organised based on primary specialist roles such as administration, licensed and unlicensed support staff, and teachers. The administration includes a head teacher who is responsible for the entire school and one assistant head teacher. Administration handles supervision of students and teachers and make schoolwide decisions, sometimes after consulting with teachers and other staff members. RAHS administrative team is responsible for making and enforcing school rules and ministry and district-level policies, rules, and procedures. Administrators also are charged with making sure teachers are effectively teaching students the required curriculum.

The school has been one of the best performing schools in the advanced level secondary school national examinations since its inception. However, recently, performance has been retreating and parents and education sector experts are understandably unhappy with this declining for a school that has always been a model to others.

In trying to understand the causes of this poor performance, the school board has recently hired a consultant to conduct an investigative study into the school. Results of the study indicated that teaching staff were unhappy about their work environment, and this has fuelled demotivation. The study further reveals that teaching staff have formed a group which meets daily during lunch to discuss their situation. There had been a recent change in the school senior management, which caused a high level of uncertainty and anxiety among the teaching staff. The teachers revealed to the consultant that they felt overworked by the school with little to no concern for teachers' physical and mental health. One teacher described the head teacher as 'indifferent, noncommittal, resigned, and apathetic'. It was also

revealed that staff salaries and benefits had remained unchanged for over 5 years yet prices on the market had been shooting up sharply, exacerbated by the COVID-19. The teachers lament that they are made to do more than they should, with no appreciation or recognition of their efforts. Asked if they had made management aware of these frustrations, they suggested that management could not care less. One staff even joked that it was like management had 'no ears'. Running out of options, the teachers approached the Ministry of Education (MoE) for help because they believed that the school's actions were unethical and there were no signs of change. It has also been recently revealed that one of the teachers secretly informed a journalist about this unethical behaviour and an article was published in one of the most widely read newspaper.

**Required:**

- (a) Using Blake and Mouton's Leadership Grid, explain the leadership style displayed by RAHS management to the teaching staff. (6 Marks)
- (b) Identify and evaluate RAHS's organisational structure. (8 Marks)
- (c) Account for the need for a whistle-blower at RAHS and briefly indicate challenges they are likely to face. (6 Marks)
- (d) Using the Kotter and Schlesinger's change theory, State why RAHS has been resistant to change despite complaints from staff. (5 Marks)

**(Total: 25 Marks)**

**End of question paper**