



**CERTIFIED PUBLIC ACCOUNTANT
ADVANCED LEVEL 1 EXAMINATIONS**

A1.1: STRATEGY AND LEADERSHIP

DATE: MONDAY 26, MAY 2025

MARKING GUIDE AND MODEL ANSWERS

SECTION A

QUESTION ONE: Twika Bank Limited (TBL):

Marking Guide:

Qn	Description	Marks	Total Marks
a	TBL's PESTEL Analysis: The analysis should be robust and be linked to the TBL context Each factor (letter in PESTEL) should have a minimum of a brief explanation/description of what it means and discussion of the TBL link		
	A short and correct introduction of the PESTEL framework	2	
	Political (1 mark for a short description and 1 mark for a discussion of political issues in TBL's context)	2	
	Economical (1 mark for a short description and 1 mark for a discussion of economic issues in TBL's context)	2	
	Social (1 mark for a short description and 1 mark for a discussion of social issues in TBL's context)	2	
	Technological (1 mark for a short description and 1 mark for a discussion of technological issues in TBL's context)	2	
	Environmental/ecological (1 mark for a short description and 1 mark for a discussion of environmental/ecological issues in TBL's context)	2	
	Legal (1 mark for a short description and 1 mark for a discussion of legal issues in TBL's context)	2	
	A valid diagram/illustration of the PESTEL framework	1	15
	b	TBL's new product development process: The discussion should indicate the steps the company will follow in developing its EasyLoan product for SMEs	
A short but clear introduction to the product development process		2	
1. Ideas generation (1 mark is awarded to a correct identification of this step, 1 mark to a correct discussion of how it will be applied by TBL)		2	
2. Screening (1 mark is awarded to a correct identification of this step, 1 mark to a correct discussion of how it will be applied by TBL)		2	
3. Business analysis (1 mark is awarded to a correct identification of this step, 1 mark to a correct discussion of how it will be applied by TBL)		2	
4. Product development (1 mark is awarded to a correct identification of this step, 1 mark to a correct discussion of how it will be applied by TBL)		2	
5. Testing in the market (1 mark is awarded to a correct identification of this step, 1 mark to a correct discussion of how it will be applied by TBL)		2	
6. Commercialisation stage (1 mark is awarded to a correct identification of this step, 1 mark to a correct discussion of how it will be applied by TBL)		2	
			14
c		Advice TBL's management on the five groups	
	A short and clear introduction to innovation and the Everett Rogers innovation adoption curve	2	
	1. Innovators (1 mark is awarded to a correct identification of this group, 1 mark to a correct discussion of how it is applicable to TBL)	2	
	2. Early adopters (1 mark is awarded to a correct identification of this group, 1 mark to a correct discussion of how it is applicable to TBL)	2	

Qn	Description	Marks	Total Marks
	3. Early majority (1 mark is awarded to a correct identification of this group, 1 mark to a correct discussion of how it is applicable to TBL)	2	
	4. Late majority (1 mark is awarded to a correct identification of this group, 1 mark to a correct discussion of how it is applicable to TBL)	2	
	5. Laggards (1 mark is awarded to a correct identification of this group, 1 mark to a correct discussion of how it is applicable to TBL)	2	
	A valid diagram/illustration of the Everett Rogers innovation adoption curve	1	13
d	How joining the Remera Financial Services Centre is likely to benefit TBL in the long run The benefits below are not exhaustive. Other advantages of financial hubs suggested by candidates are acceptable and should be awarded full marks		
	No Forex exchange control (1 mark is awarded to a correct identification of this benefit, 1 mark to a correct explanation of how it is applicable to TBL's shareholders)	2	
	No restrictions on foreign ownership or assets (1 mark is awarded to a correct identification of this benefit, 1 mark to a correct explanation of how it is applicable to TBL's shareholders)	2	
	100% repatriation of profits (1 mark is awarded to a correct identification of this benefit, 1 mark to a correct explanation of how it is applicable to TBL's shareholders)	2	
	Tax incentives for investors (1 mark is awarded to a correct identification of this benefit, 1 mark to a correct explanation of how it is applicable to TBL's shareholders)	2	8
Total Marks			<u>50</u>

Model Answers:

a) Using the PESTEL framework, analyse TBL's macro-environment.

PESTEL Analysis is a strategic framework used to evaluate the external environment of a business by breaking down the opportunities and risks into Political, Economic, Social, Technological, Environmental, and Legal factors.

PESTEL Analysis (see figure 1.1) can be an effective framework to use in Corporate Strategy Planning and for identifying the pros and cons of a Business Strategy. The PESTEL framework is an extension of the PEST strategic framework, one that includes additional assessment of the Environmental and Legal factors that can impact a business.

Figure 1.1: The PESTEL Framework



Below is an analysis of TBL macro-environment using the PESTEL framework:

Political Factors

When looking at political factors, you are looking at how government policy and actions intervene in the economy and other factors that can affect a business.

Rising fuel prices have impacted the banking sector in general. However, it is evident from the case study that the government is doing everything possible to stabilise the economy and keep the banking sector stable, safe, reliable, and solid. It is indicated in the case study that due to the sharp rise in imported fuel costs and the poor harvest due to unfavourable weather and increased prices of imported agricultural inputs, the government, through the central bank, raised its lending rate by 100 basis points from 5% to 6% in August this year. However, this has had a temporary negative effect on TBL by reducing loans by 20% because of less money in the public but it is likely to have positive impacts in the long run.

Furthermore, the political landscape seems secure and favourable for TBL to flourish. For instance, the government spokesperson was recently quoted saying ‘the government through the central bank has strict regulations to control the bank business and make the banking system less risky.’ This is evidence that the government policy is quite favourable for TBL’s business.

Economic Factors

Economic Factors consider the various aspects of the economy, and how the outlook on each area could impact your business. These economic indicators are usually measured and reported by central banks and other government agencies.

Due to high volatility in global fuel prices possibly caused by the war in Ukraine, the Rwandan economy has been severally affected which has also had impacts on the banking sector in which TBL operates. It is indicated in the case study that high volatility in the world prices of petroleum has been a characteristic feature of the global economy in 2022 and that the Rwandan economy is one of the many countries that have been affected by these increasing prices of fuel.

These effects have taken a toll on TBL's business by reducing its deposits. It is indicated in the case that many of the TBL's customers have had to draw on their savings to manage the high costs of living and cut back on their spending on some essential items. This has affected TBL's in various ways: reduced deposits to loan out; increased risk of default by loanees; and retrenchment of some of the bank's geographical locations.

Social Factors

PESTEL analysis also takes into consideration social factors, which are related to the cultural and demographic trends of society. Social norms and pressures are key to determining consumer behaviour.

It appears that TBL operates in a market with relatively young customers, which has potentially led to the company switching its strategy to focus on millennials, who are mainly literate. It is clear from the case study that approximately 80% of the youth in Rwanda are literate. Given that most of the target market remains unbanked, but the uptake is growing, the company's future seems bright. This is evidenced by the fact that millennials and students are more likely to prefer to carry their debit and credit cards conduct most of their transactions online as opposed to the older population. There is also evidence of many customers now prefer to transact using digital alternative channels such as mobile and internet banking and nearby installed automated teller machines (ATMs). All these social changes and trends should mean that TBL's strategy should focus on efficient digitalisation of its services to meet their preferences and remain relevant.

Technological Factors

Technological factors are linked to innovation in the industry, as well as innovation in the overall economy. Not being up to date to the latest trends of a particular industry can be extremely harmful to operations.

In the case study, there are various examples of how technology is affecting the banking sector in general and TBL is particular. For instance, high transport costs caused by increased fuel prices as well as COVID-19 restrictions in prior years have meant that many customers now prefer to transact using digital alternative channels such as mobile and internet banking and nearby installed Automated Teller Machines (ATMs). This has resulted in TBL investing in more sophisticated and secure platforms to be able to respond to this shift in customer preferences. The bank now mostly communicates with its customers via the internet and Short Message Service (SMS).

There is also evidence of the switch in young people's tastes to the use of debit and credit cards conduct most of their transactions online. These trends should mean that TBL's strategy should follow suite to

remain relevant in the market by gradually establishing digital platforms that allow customers to transact online. The company's costs may also reduce if it shuts down on its physical presence.

Environmental/Ecological Factors

Environmental factors concern the ecological impacts on business. As weather extremes become more common, businesses need to plan how to adapt to these changes.

Though the banking industry does not impact the environment directly, there are some indirect effects as indicated in the case study. It has been suggested in the case that TBL, like all banks in Remera, is required to keep tabs on its carbon footprint with help of advanced technology. TBL is encouraged to embed sustainable practices to its banking activities such as focusing on mobile banking and mobile wallets; use of credit cards and debit cards in place of paper currency notes; use of renewable energy sources such as use of solar ATMs with rechargeable lithium-polymer batteries; cutting down on use of harmful chemicals on machines and as cleaning agents; and participating in monthly Umuganda to clean its neighbourhood. This means that TBL should ensure that its strategy considers sustainability and the company should also consider sustainability reporting if it has not.

Legal Factors

There is often uncertainty regarding the difference between political and legal factors in the context of a PESTEL analysis. Legal factors pertain to any legal forces that define what a business can or cannot do. Political factors involve the relationship between business and the government. Political and legal factors can intersect when governmental bodies introduce legislature and policies that affect how businesses operate.

TBL seems to operate a proper regulated environment which means that it is protected but it also means that it has to comply with certain laws or it faces consequences such as fines. The case study stipulates that due to the establishment of the Kigali International Financial Centre, the government has gazetted a series of laws that are aimed to ensure the safety of the money of the public. Although TBL collects customer information and their details, it is tied to privacy and consumer laws, which prevent it from sharing any such personal data to third parties unless it is required by law. TBL faces serious financial and legal consequences if it fails to comply with these laws.

b) Discuss the process to be followed by TBL to develop its new product to the point where it would become commercially viable.

The product development process defines a series of activities that should be undertaken in the development of a new product to the point where it becomes commercially viable, i.e. launched onto the market.

The product development process that will be followed by TBL in its quest to develop the EasyLoan product will take the following stages:

Idea Generation

This process has already been initiated by TBL's management and board through market research. The idea to create a fast, collateral-free loan product for SMEs emerged from insights that SMEs face difficulties accessing credit due to complex procedures and high collateral requirements.

2. Idea Screening

TBL must evaluate the EasyLoan concept to determine its alignment with the bank's strategic objectives, feasibility, and potential risk. Key screening criteria may include:

- Market potential among SMEs
- Compliance with banking regulations
- Risk of default due to lack of collateral
- Resource requirements (staff, tech systems, marketing)
- Alignment with TBL's shift toward digital and millennial-friendly services

3. Concept Development and Testing or screening

TBL should develop detailed aspects of the EasyLoan offering including:

- Loan amount cap (e.g., RWF 50 million)
- Application process duration (e.g., max 3 days)
- Eligibility criteria (e.g., business registration, turnover, credit score)
- Interest rates and repayment terms

This concept can be tested through:

- Focus groups with SME clients
- Pilot programs in selected branches or through digital platforms
- Internal simulations to understand impact on systems and risk

4. Business Analysis

A feasibility study should be conducted to assess:

- Expected demand and target market size
- Profitability forecasts and cost-benefit analysis
- Default risk and impact on the bank's portfolio
- Capital requirements and operational implications

This helps TBL build a business case for the product.

5. Product Development

In this phase, TBL would develop:

- Digital systems and platforms to support EasyLoan processing
- Risk assessment and credit scoring models suited to SMEs

- Training programs for staff handling the product
- Legal documentation and compliance frameworks

TBL should work closely with IT and risk teams to ensure secure and seamless integration into current banking systems.

6. Test Marketing

TBL can roll out the EasyLoan in a limited geographic area or with selected SME sectors. This will help:

- Gauge real-world customer response
- Assess process efficiency and turnaround times
- Collect feedback for refinement before full launch

Digital performance metrics (e.g., app submissions, drop-off rates) should be closely monitored

7. Commercialization (Full-scale Launch)

Upon successful testing, TBL can fully launch the EasyLoan product:

- Nationwide digital marketing campaigns targeting SMEs
- Partnerships with SME associations and trade bodies
- Launch events and financial literacy programs to drive awareness
- Integration with mobile and internet banking platforms

8. Post-Launch Review and Monitoring

After commercialization, TBL should:

- Monitor uptake, default rates, and customer satisfaction
- Refine the product based on ongoing feedback
- Use data analytics to identify trends and improve service delivery

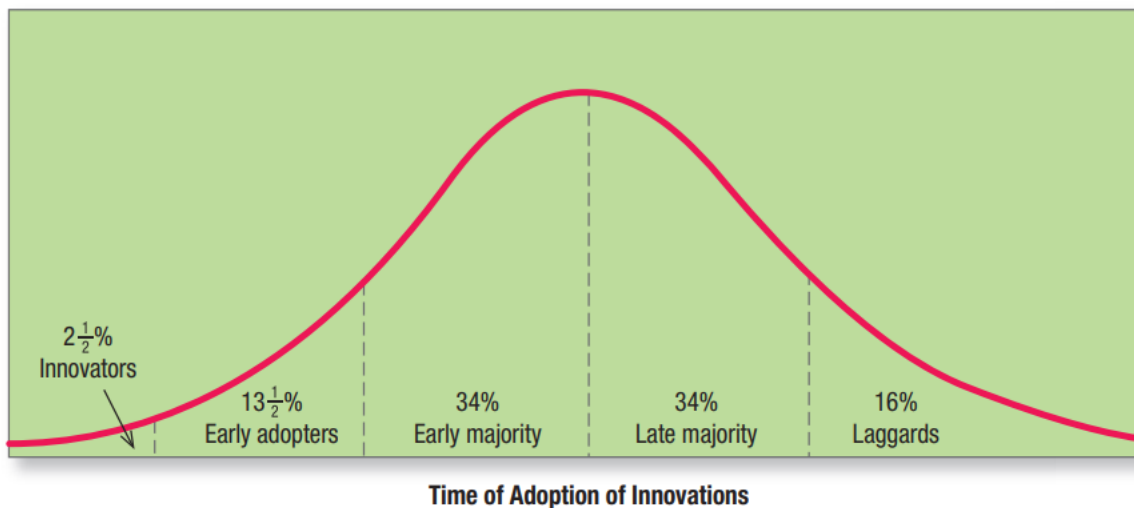
- c) Using the Everett Rogers innovation adoption curve, advise TBL’s management on the five groups of people when it comes to readiness to adopt a new product and their characteristics.**

An innovation is any good, service, or idea that someone *perceives* as new, no matter how long its history. Everett Rogers defines the innovation diffusion process as “the spread of a new idea from its source of invention or creation to its ultimate users or adopters.”

Everett Rogers defines a person’s level of innovativeness as “the degree to which an individual is relatively early in adopting new ideas than the other members of his social system.” Some people are the first to adopt new clothing fashions or new appliances; some doctors are the first to prescribe new medicines. After a slow start, an increasing number of people adopt the innovation, the number reaches a peak, and then it diminishes as fewer nonadopters remain.

Some people readily accept change; others are slower to respond. According to Rogers these characteristics and readiness to adopt may be categorised into the following five groups as illustrated in figure 1.2 and explained below.

Figure 1.2: Adopter Categorization on the Basis of Relative Time of Adoption of Innovations



1. Innovators

Representing a small percentage these customers may treat a new product as a status symbol, respond to the new product quickly, have personal needs to satisfy, or regard themselves as leaders. TBL should ensure that these very early adopters are served well and their issues if any are handled with care because all the rest will be looking at these to decide whether to take on the loans or not.

2. Early adopters

Early adopters normally represent the actual leaders or trend setters and indicate whether a product will be successful or not. For TBL to get as many SMEs as possible to adopt the EasyLoan, it will have to devise mechanisms to capitalise on early adopters and get others to find this appealing. This can be through actually disbursing loans in three days and less and not requesting them to present collateral security. Others will quickly follow through.

3. Early majority

Early to accept innovations are products or services purchased for their usefulness and are long-term repeat purchasers. As explained in the first two categories, TBL can quickly get to early majority by fulfilling its promises as explained in 2 above.

4. Late majority

Reacting to change slowly, these customers wait for the product to prove itself and /or prices to come down, they do not follow recommendations by leaders. TBL should not give a chance to these kinds of SMEs to doubt its promise. This can be achieved by meeting its promises explained in 2 above.

5. Laggards

Last to respond to new products, they value tradition and dislike change to something well established. Although it may be hard for TBL to get these customers to quickly adopt the new EasyLoan product, the company should already have about 84% of the market and that could be sufficient to make the new product commercially viable. The company can, however, cut the time it would take for laggards to adopt the new product by doing what was explained in 2 above.

d) With reference to RFSC in the case study above, explain to the board of TBL how joining the Remera Financial Services Centre is likely to benefit TBL in the long run.

A financial centre or financial hub is a location with a concentration of participants in banking, asset management, insurance or financial markets with venues and supporting services for these activities to take place.

Remera Financial Services Center (RFSC) is a financial services hub established by the government in 2019 with the aim of providing low transaction costs, easy access to the capital, qualified labour force, and a dynamic business eco-system to major financial institutions such as TBL.

Although the board of TBL seemed opposed to joining the hub at first, it later agreed to join following efforts by the management. TBL stands to benefit from the hub in the following ways:

1. Attractive Fiscal and Regulatory Incentives such as ;

No Forex exchange control

Exchange controls are government-imposed limitations on the purchase and/or sale of currencies. However, exchange control hampers the effective application of monetary policy because it often prevents the most desirable combination of money supply growth, interest rates and exchange rates in addition to other disadvantages to investors. Having no controls provides TBL with many opportunities for growth.

Preferential Corporate Income Tax Rate: Operating under RFSC grants TBL access to a lower corporate tax rate compared to the standard national rate, resulting in increased retained earnings and improved profitability over time.

- **Exemption from Withholding Tax:** Dividends, interest, and royalty payments are exempt from withholding tax, enhancing net returns for both local and foreign investors and making TBL a more attractive investment vehicle.

2. No restrictions on foreign ownership or assets

This means that a foreign investor may invest and purchase shares in an investment enterprise in Rwanda or other assets and shall be given equal treatment with Rwandan investors with regard to incentives and investment facilitation. TBL's foreign shareholders stand to benefit from this as they will be allowed to freely invest and grow their assets in Rwanda.

3. 100% repatriation of profits

Repatriation refers to the conversion of any foreign currency into one's local currency. With this benefit, TBL's foreign shareholders will be able to repatriate their profits every time they wish to do so which is not the case in many countries.

4. Enhanced Access to Capital and Financial Markets

- Being headquartered at RFSC places TBL in a **dynamic financial ecosystem**, offering access to a wide network of financial institutions, investors, and professional services.
- The proximity to capital markets can ease fundraising efforts and enable more innovative financing products.

5. Reduced Transaction Costs and Improved Operational Efficiency

- RFSC's infrastructure and business support systems are designed to lower transaction and compliance costs, which translates to better margins and improved operational efficiency.
- The Centre provides access to **qualified labor**, digital infrastructure, and streamlined regulatory processes which support TBL's digital transformation strategy

6. Reputational Enhancement and Strategic Positioning

- As part of RFSC, TBL benefits from **association with a prestigious financial services hub** backed by government policy and support, enhancing its credibility locally and internationally.
- The presence at RFSC aligns TBL with the vision of **Kigali International Financial Centre (KIFC)** to transform Rwanda into a top financial hub for Africa—helping TBL attract regional and global clientele.

7. Alignment with Future Growth Trends

- RFSC promotes sustainable and innovative financial practices, which aligns with TBL's shift toward digital banking, climate-conscious operations (e.g., solar-powered ATMs), and serving tech-savvy millennials.
- This positions TBL to capitalize on emerging market segments and regulatory trends in ESG (Environmental, Social, and Governance) banking

SECTION B

QUESTION TWO

Marking Guide:

QN	Description	Marks	Total Marks
a	Phiona Kaneza's team dynamics:		
	A short and correct introduction/description of what the Tuckman's stages of team development is	1	
	A valid diagram/illustration of the Tuckman's stages of team development model. No additional marks for a diagram with KAMPIRE's data inside the diagram but no penalty as well	1	
	Forming (1 mark for a short description and 1 mark for a correct strategy applied by Phiona)	2	
	Storming (1 mark for a short description and 1 mark for a correct strategy applied by Phiona)	2	
	Norming (1 mark for a short description and 1 mark for a correct strategy applied by Phiona)	2	
	Performing (1 mark for a short description and 1 mark for a correct strategy applied by Phiona)	2	
	Adjourning (1 mark for a short description and 1 mark for a correct strategy applied by Phiona)	2	
b	GANTT chart: A good answer should have a short introduction of GANTT charts followed by the illustration. Clarity and neatness matters.		
	A short introduction/description of what GANTT charts are and their purpose or how they work	1	
	Task A (1 mark awarded for a correct shade/arrow/line along the horizontal axis for the correct dates)	1	
	Task B (1 mark awarded for a correct shade/arrow/line along the horizontal axis for the correct dates)	1	
	Task C (1 mark awarded for a correct shade/arrow/line along the horizontal axis for the correct dates)	1	
	Task D (1 mark awarded for a correct shade/arrow/line along the horizontal axis for the correct dates)	1	

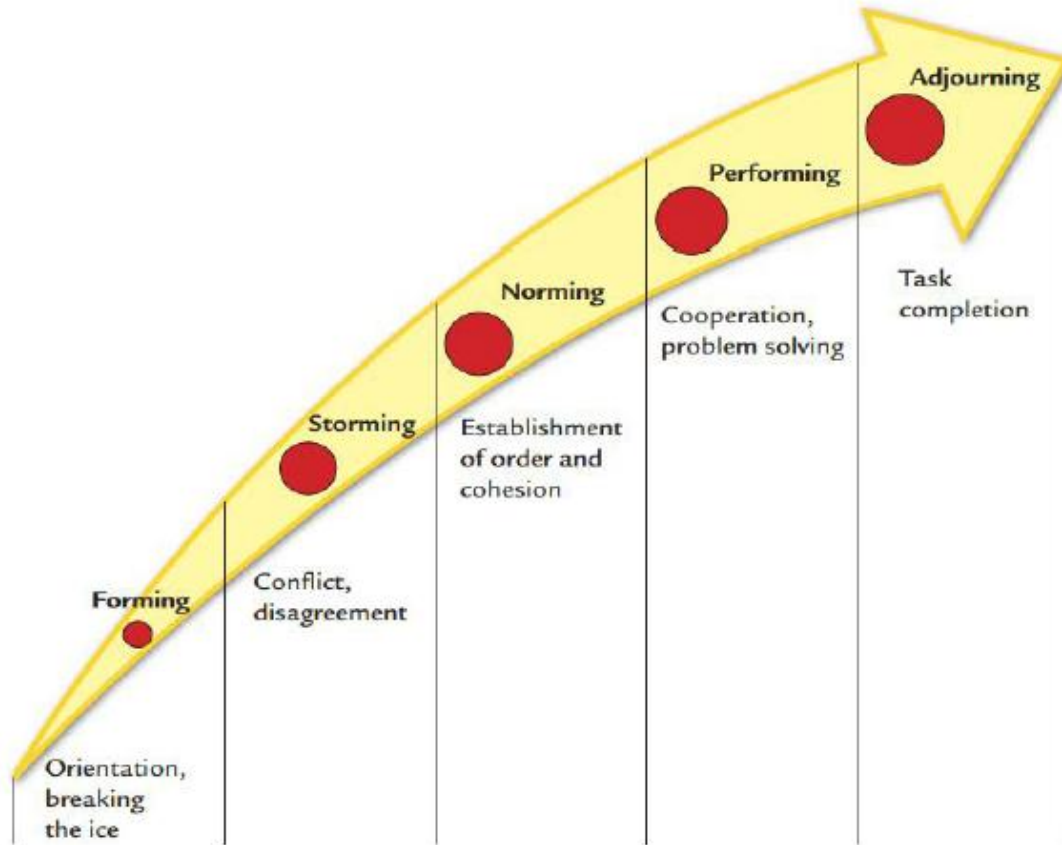
QN	Description	Marks	Total Marks
	Task E (1 mark awarded for a correct shade/arrow/line along the horizontal axis for the correct dates)	1	
	Task F (1 mark awarded for a correct shade/arrow/line along the horizontal axis for the correct dates)	1	
	Task G (1 mark awarded for a correct shade/arrow/line along the horizontal axis for the correct dates)	1	
	Task H (1 mark awarded for a correct shade/arrow/line along the horizontal axis for the correct dates)	1	
	A correctly labelled vertical axis with a minimum of the task, start and end dates. More labels such as duration are encouraged but not awarded extra marks	1	
	A correctly labelled horizontal axis with dates from the start to end dates (1 June until 16 June)	1	
	Advice to management:		
	A correct project duration of 16 days	1	
	A correct project end date of 16 June 2025	1	
	Total Marks		
Total Marks			25

Model Answer:

- a) Using Bruce Tuckman's Stages of Team Development, **analyse Phiona Kaneza's team dynamics and identify Phiona's strategies at each stage.**

Tuckman's stages of team development, also known as the Tuckman model or Tuckman's group development stages, is a widely recognized framework for understanding how teams evolve and develop over time. Developed by psychologist Bruce Tuckman in 1965, this model consists of four main stages: forming, storming, norming, performing, and adjourning. Figure 4.1 below demonstrates these five stages:

Figure 4.1: Tuckman's stages of team development



Phiona Kaneza's team at KAMPIRE Ltd can be analysed using Tuckman's five stages of team development:

Forming:

The forming stage of development is a period of orientation and getting acquainted. Members break the ice and test one another for friendship possibilities and task orientation. Uncertainty is high during this stage, and members usually accept whatever power or authority is offered by either formal or informal leaders. During this initial stage, members are concerned about things such as "What is expected of me?" "What behaviour is acceptable?" and "Will I fit in?"

The team members are introduced, and expectations are set. At this stage, Phiona's team was newly formed and focused on understanding their roles and the project scope. The team relied on Phiona for guidance.

Storming:

During the storming stage, individual personalities emerge. People become more assertive in clarifying their roles and what is expected of them. This stage is marked by conflict and disagreement. People may disagree over their perceptions of the team's goals or how to achieve them.

Conflicts arose due to different working styles, unclear roles, and disagreements about responsibilities. Tensions between junior developers and senior team members led to inefficiencies. Phiona had to intervene frequently to resolve misunderstandings.

Norming:

During the norming stage, the conflict is resolved, and team harmony and unity emerge. Consensus develops on who has the power, who the leaders are, and what the various members' roles are. Members come to accept and understand one another. Differences are resolved, and members develop a sense of team cohesion.

At KAMPIRE Ltd, the team started to establish working agreements and improve collaboration. Roles became clearer, and members adapted to each other's work styles. Communication and cooperation improved.

Performing:

During the performing stage, the major emphasis is on problem solving and accomplishing the assigned task. Members are committed to the team's mission. They are coordinated with one another and handle disagreements in a mature way. They confront and resolve problems in the interest of task accomplishment. They interact frequently and direct their discussions and influence toward achieving team goals.

At KAMPIRE Ltd, the team became highly productive, handling software development tasks effectively. Members took ownership of their responsibilities, and Phiona's role shifted to providing minimal supervision while ensuring efficiency.

Adjourning:

The adjourning stage occurs in committees and teams that have a limited task to perform and are disbanded afterward. During this stage, the emphasis is on wrapping up and gearing down. Task performance is no longer a top priority. Members may feel heightened emotionality, strong cohesiveness, and depression or regret over the team's disbanding.

As the project neared completion, some members prepared for reassignment. There were discussions about the team's accomplishments and lessons learned.

- b) Based on the provided project plan, illustrate a GANTT chart, determining the total project duration, and advise management on the final project completion date.**

GANTT charts display the tasks in a project as a box or line showing the calendar duration of the task on the horizontal axis (the horizontal length of the task box is proportional to the task duration). Tasks are normally arranged in date order on the vertical axis. The time relation of all tasks to each other (for example, tasks carried out simultaneously) is therefore clearly apparent in a GANTT chart. The project status can be easily determined at intermediate dates in the project, and progress of individual tasks can be shown by filling in the task boxes.

Based on the project tasks provided, below KAMPIRE’s software development Gantt chart:

Task	Start Date	End Date	Duration	1-Jun	2-Jun	3-Jun	4-Jun	5-Jun	6-Jun	7-Jun	8-Jun	9-Jun	10-Jun	11-Jun	12-Jun	13-Jun	14-Jun	15-Jun	16-Jun
A	1-Jun	1-Jun	1																
B	2-Jun	4-Jun	3																
C	5-Jun	7-Jun	3																
D	8-Jun	9-Jun	2																
E	8-Jun	10-Jun	3																
F	11-Jun	12-Jun	2																
G	13-Jun	15-Jun	3																
H	16-Jun	16-Jun	1																

The total project duration is 16 days obtained by $16 - 1 + 1 = 16$

The project will end on **16th June 2025** based on the provided task durations and dependencies.

QUESTION THREE

PROPOSED MARKING GUIDE

Evaluate the activities (goals and measures) that Keza and Sons Ltd should focus on to improve its competitive position by use of a Balanced Scorecard methodology.

a) Evaluate the activities (goals and measures)

Financial perspective – well defined with examples	1
Lower cost	1
Increase revenue	1
Any other valid point (will attract 1 Mark)	
Maximum marks	3

Customer perspective – well defined with examples	1
Lower wait time	1
Customer partnership	1
Any other valid point (will attract 1 Mark)	
Maximum marks	3

Internal business perspective – well defined with examples	1
Process efficiency	1
Technology capability	1
Manufacturing excellence (will attract 1 Mark)	
Any other valid point (will attract 1 Mark)	
Maximum marks	3

Innovation and learning perspective – well defined with examples	1
Improve knowledge and skills	1
Improve tools and technology	1
Any other valid point (will attract 1 Mark)	

Maxim marks **3**

b) Explain to Mrs Diane Uwera, Managing Director, the benefits of using a Balanced Scorecard at Keza and Sons Ltd.

Visibility 1
Integration 1
Whole organisation focus 1
Any other valid point (will attract 1 Mark)
Maximum marks **3**

c) Critically analyse the benefits of conducting a performance appraisal at Keza and Sons Ltd.

Performance appraisal – well-defined

Benefits to managers:

Opportunity to staff 1
Opportunity to reinforce goals and priorities 1
performance can be measured 1
Able to learn about their hopes, fears etc.
Any other valid point (will attract 1 Mark)
Maximum marks **3**

Benefits to employees:

Identifying employee training needs 1
Staff to communicate their views 1
Staff to receive feedback 1
Discuss career aspirations
Any other valid point (will attract 1 Mark)
Maximum marks **3**

Benefits to the company:

Improve performance 1
Communicate to its employees 1
Human resource planning 1
Determine succession planning
Any other valid point (will attract 1 Mark)
Maximum marks **3**

Conclusion **1**
Maximum marks **10**

PROPOSED ANSWER

i) Evaluate the activities (goals and measures) that Keza and Sons Ltd should focus on to improve its competitive position by use of a Balanced Scorecard Methodology.

Balanced Scorecard Methodology:

A balanced scorecard methodology may be defined as a performance management and strategy development methodology that deploys both financial and non-financial measures relating to an organisation's critical success factors.

Financial perspective: This perspective is concerned with measuring of the traditional financial performance such as earnings per share, sales, costs, share price, profits etc.

Lower cost – the registered process efficiency will eventually contribute to the lowering of the cost of production at Keza and Sons Ltd.

Increase revenue – Better retention of the customers and the satisfaction registered due to good price and on-time delivery; sales revenue will be increased and this shall be monitored at a regular basis.

Increase profit – The lowering of costs due to process efficiency and increased revenues due to enhanced customer satisfaction, shall contribute to the increase in profits and thereby making the shareholders and other related stakeholders such as employees happy.

Customer perspective: This perspective relates to the extent at which customers are satisfied of their needs and market segments in which an organisation competes e.g., product or service reliability, satisfaction on price or quality etc.

Less wait time – With a faster output, Keza and Sons Ltd will now be able to deliver high quality powdered milk at a reasonably better price due to savings realised at both innovation and learning as well as at the internal business perspectives.

Customer partnership – Having achieved a lower waiting time, customer retention shall be enhanced, a move that will greatly increase customer satisfaction as the price this time round, will be reasonable.

Internal business perspective: This perspective focusses on what an organisation must excel at to meet the customer needs such as faster delivery, improved quality of materials, better production processes etc.

Process efficiency – If Keza and Sons Ltd effectively improve staff knowledge and skills along with improved tools and technology, process efficiency shall automatically be registered.

Technology capability – Keza Ltd should also develop an attractive and efficient website to be used for visibility and for marketing purposes as opposed to keeping a dull website.

Manufacturing excellence – Improved process efficiency will also contribute to cycle time reduction; high quality control procedures being implemented which also facilitates a reduction in defects; thereby contributing to reducing costs.

Innovation and learning perspective: This perspective focusses on how a business is improving its ability to innovate, improve, and learn so as to enable success with the critical operations and processes.

Improve knowledge and skills – Keza and Sons Ltd should invest into the capacity building of its staff to enhance their skills and also urgently conduct a performance appraisal to rejuvenate their motivation, thereby increasing productivity.

Improve tools and technology – The delays in delivery could be a factor of delayed processing. Keza and Sons Ltd should also invest in newer processing equipment with the latest knowledge to reduce the lead time.

ii) Explain to Mrs Diane Uwera, Managing Director, the benefits of using a Balanced Scorecard at Keza and Sons Ltd

Visibility

It breaks down strategic measures to local levels such that unit managers and employees of Keza and Sons Ltd can see what is required at their level for an overall performance excellence.

Integration

Helps to integrate various corporate programmes such as quality and customer service initiatives that Keza and Sons Ltd could have developed.

Whole organisation focus

It focuses on the whole organisation to determine what is required to be done in order to achieve an excellent performance at Keza and Sons Ltd.

iii) Critically analyse the benefits of conducting a performance appraisal at Keza and Sons Ltd.

Performance appraisal

Performance appraisal may be defined as a process of continuous assessment and performance review against predetermined strategic objectives applicable to all organisation's staff.

Benefits to managers:

It offers an opportunity to staff to be motivated since by appraising them they would feel more empowered to open up and speak frankly.

It provides an opportunity to reinforce goals and priorities which eventually allows the employee to organize his or her objectives thereby better allocating time and effort.

It acts as a mechanism through which changes in employee work performance can be measured, a move that may help Keza and Sons Ltd to reflect on each employee's contributions and setbacks.

It is an opportunity through which employees can be able to learn about their hopes, fears and other job-related dynamics which is a wonderful experience to meet them and discuss the progress.

Benefits to employees:

It acts as a basis of identifying employee training needs. Employees who receive the right training are more productive, efficient, and satisfied with their jobs.

It provides an opportunity for staff to communicate their views since with face-to-face meetings there is a chance for clarification whilst encouraging employees to communicate with others in a more effective way.

It provides an opportunity for staff to receive feedback on their performance. Once employees at Keza and Sons Ltd receive feedback, it can help them grow in their career by helping them improve their skills as would-be managers.

It provides an opportunity to discuss career aspirations for company employees which can possibly be aligned with the company's vision and long-term goals.

Benefits to the company:

It's an opportunity to improve performance by letting individuals perform their assigned tasks using all the essential technical and non-technical traits.

It's one of the methods an organisation may deploy to communicate to its employees. Employee communication facilitates the sharing of information, ideas, and feelings between employees and managers of Keza and Sons Ltd.

It acts as a catalyst for human resource planning. Keza and Sons Ltd will be able to create an effective, future-proof long-term strategic human resource planning model.

It provides an opportunity to determine succession planning and identification of future potential. This will help Keza and Sons Ltd to prepare for talent gaps from both promotions and departures.

Given the fact that no performance appraisal has ever been conducted at Keza and Sons Ltd, with the staff indicating a high level of demotivation attributable to lack of capacity building and performance appraisal, the HR should consider organising one as soon as possible. This appraisal will enhance the level of staff motivation which is currently wanting. The appraisal itself will inform Keza and Sons Ltd the training needs of each staff by providing an opportunity to determine succession planning and identification of future potential.

QUESTION FOUR

Marking Guide:

QN	Description	Marks	Total Marks
a	FIVE major market-challenger attack strategies that could be used by NZOVU Ltd: The analysis should be robust and be linked to the NZOVU context Each answer should be discussed sufficiently and linked to NZOVU and the banking sector Poorly or unexplained points score 1 mark instead of 2		
	A short and correct introduction of the market-challenger attack strategies	2	
	A valid diagram/illustration of the Attack Strategies. Examples illustrated in the Attack Strategies are not awarded extra marks and not penalised. Note that Attack Strategies can be illustrated in many ways. All valid diagrams provided by candidates should be considered	1	
	Frontal attack (Award 2 marks for a valid and robust evaluation of this attack strategy and how NZOVU could apply it)	2	
	Flank attack (Award 2 marks for a valid and robust evaluation of this attack strategy and how NZOVU could apply it)	2	
	Encirclement attack (Award 2 marks for a valid and robust evaluation of this attack strategy and how NZOVU could apply it)	2	
	Bypass attack (Award 2 marks for a valid and robust evaluation of this attack strategy and how NZOVU could apply it)	2	
	Guerrilla attack (Award 2 marks for a valid and robust evaluation of this attack strategy and how NZOVU could apply it)	2	13
b	The most suitable strategy for NZOVU Although the model answer recommends the Flank attack, other strategies appropriately justified should be awarded full marks		
	Award 1 mark for a suggested attack strategies and 1 mark for a valid and reasonable justification. The justification matters the most. If the answer is not backed by a justification, please award 0 marks	2	2
c	The leadership style applied by NZOVU Ltd's management: A good answer should first introduce the Leadership Grid followed by the application of the model to the question		
	A short introduction/description of the Leadership Grid	2	

QN	Description	Marks	Total Marks
	A valid diagram/illustration of the Leadership Grid	1	
	A correct identification of the style used by management i.e "Authority-Compliance" (9,1) leadership style	2	
	A valid discussion of reasons demonstrating why it is the Authority-Compliance style that is applied by management from the case study. At least 2 examples from the case should be discussed (1 mark * 2 examples/reasons = 2 marks maximum)	2	
	Award 1 mark for any valid suggested improvement. Consider other valid answers not in the model answer (1 mark * 3 suggested improvements = 3 marks)	3	10
Total Marks			25

Model Answer:

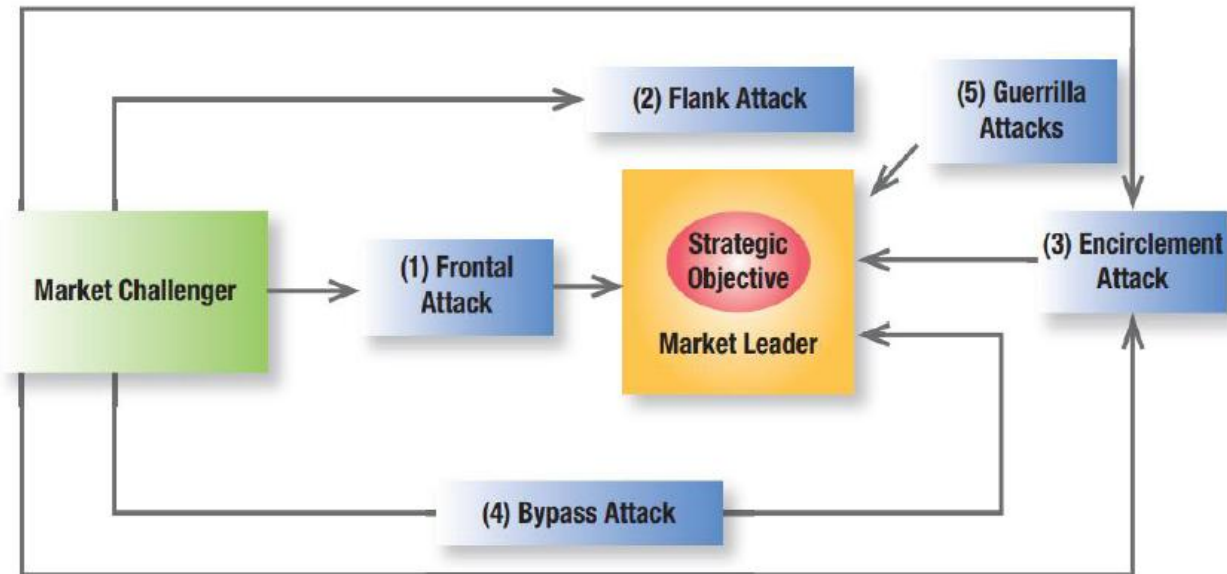
- a) **Evaluate FIVE major market-challenger attack strategies that could be used by NZOVU Ltd to achieve competitive advantage over market leaders.**

Market challengers are organisations with a smaller market share who are close enough to pose a serious threat to the leader. However, an aggressive strategy can be costly - what is the certainty of winning.

Before making a concentrated effort to gain market share, the challenger needs to ask whether market share really matters so much, or whether there would be greater benefit from working on getting a good Return On Investment from the existing share.

Figure 2.1 demonstrates five market-challenger strategies available for NZOVU to apply in targeting its dominant market leaders in the banking sector.

Figure 2.1: General Attack Strategies



1. Frontal Attack

This strategy involves directly challenging the strengths of the market leader, such as product offerings, pricing, and service delivery.

Application for NZOVU:

- NZOVU could match or beat competitors on interest rates, transaction fees, or loan turnaround times.
- It would require significant investment in marketing and service infrastructure.

Evaluation of the strategy

- High-risk and resource-intensive.
- Suitable if NZOVU believes it can match the leaders' offerings head-to-head in key areas like customer service, digital experience, or loan products.
- May lead to a price war that could affect margins.

2. Flanking Attack

Definition: This strategy targets underserved or overlooked segments that market leaders may be ignoring.

Application for NZOVU:

- NZOVU could focus on rural banking, youth banking, or SME financing, using tailored products and outreach programs.
- Leverage its strength in personalized service to offer niche banking solutions.

Evaluation of the strategy

- Lower risk and cost compared to a frontal attack.
- Allows NZOVU to build strong customer loyalty without triggering direct confrontation.
- Helps expand its brand into new segments.

3. Guerrilla Attack

Definition: Involves small, intermittent attacks to harass and destabilize competitors through localized promotions or unique offerings.

Application for NZOVU:

- Launch short-term promotions in specific regions or customer categories (e.g., no-fee accounts for students or farmers).
- Use digital platforms and social media for low-cost, high-impact campaigns.

Evaluation:

- Cost-effective and flexible.
- Helps build brand visibility and attract niche customer groups.
- Requires creativity and strong tactical execution.

4. Bypass Attack

Definition: Focuses on avoiding direct competition by diversifying into new markets, technologies, or services.

Application for NZOVU:

- Invest in fintech partnerships or non-traditional banking services like digital wallets, micro-lending, or financial education platforms.
- Expand into insurance, investment advisory, or diaspora banking.

Evaluation:

- Innovative and forward-looking.
- May create a new competitive space with limited interference from traditional market leaders.
- Requires investment in R&D and partnerships.

5. Encirclement Attack

Definition: Targets multiple weak points of a competitor simultaneously through a broad-based offensive.

Application for NZOVU:

- Roll out a suite of upgraded products (loans, savings, digital banking) simultaneously while enhancing customer support and branding.
- Improve visibility and accessibility across various customer touchpoints.

Evaluation:

- Comprehensive but **resource-heavy**.
- Effective if NZOVU is confident in its **internal capabilities** and can manage **multiple improvements** simultaneously.
- May overwhelm competitors if executed properly.
-

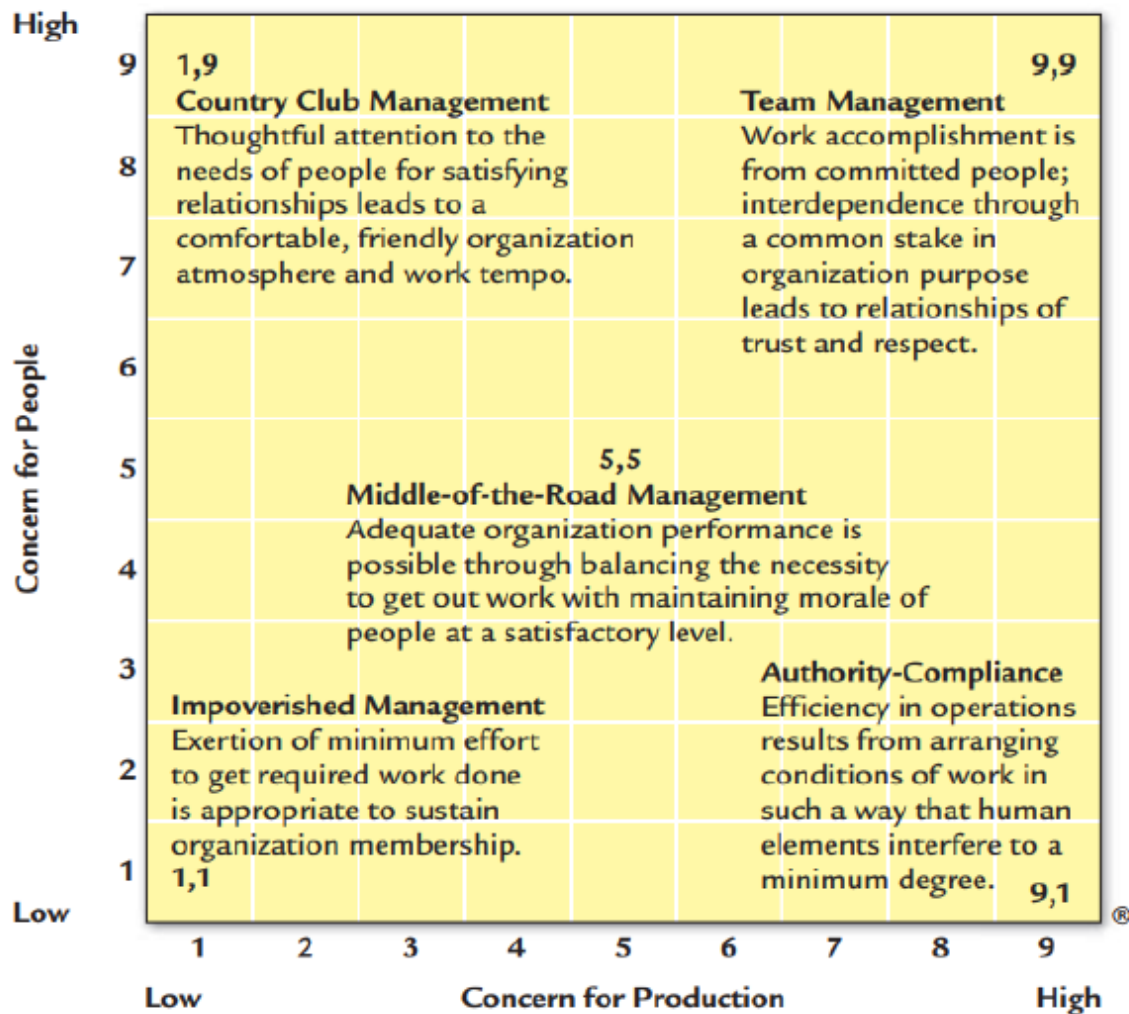
b) Recommend the most suitable strategy for NZOVU and justify your choice.

Based on NZOVU Ltd's market position and available resources, the **Flank Attack** strategy appears to be the most suitable. NZOVU should focus on niche banking segments that larger banks tend to neglect, such as SME lending, affordable financial services for rural communities, and personalized banking experiences for high-net-worth individuals. This strategy allows NZOVU to build customer loyalty and differentiate itself without directly competing with industry giants on pricing and scale. Additionally, by leveraging digital banking innovations tailored to these segments, NZOVU can establish a unique competitive position and sustain long-term growth.

c) Using the Leadership Grid by Robert R. Blake and Anne Adams McCanse, identify and examine the leadership style applied by NZOVU Ltd's management. Suggest improvements that could enhance both performance and employee engagement.

Building on the work of the Ohio State and Michigan studies, Robert R. Blake and Jane S. Mouton of the University of Texas proposed a two-dimensional theory called the Managerial Grid®, which was later restated by Robert R. Blake and Anne Adams McCanse as the Leadership Grid®. The model and five of its major management styles are depicted in Figure 2.2 below. Each axis on the grid is a nine-point scale, with 1 meaning low concern and 9 meaning high concern.

Figure 2.2: The Leadership Grid



NZOVU Ltd's leadership approach reflects a **task-oriented** culture where performance, efficiency, and profitability are emphasized. This aligns closely with the "**Authority-Compliance**" (9,1) leadership style from the Blake and McCauley Leadership Grid. Leaders at NZOVU prioritize financial targets and operational success, often at the expense of employee empowerment and engagement. The centralized decision-making structure and high-pressure work environment indicate a strong focus on productivity but limited concern for staff well-being and innovation.

Recommended Improvements

To enhance leadership effectiveness, NZOVU Ltd should adopt a **Team Management (9,9) approach**, which balances high concern for both people and production. Key improvements include:

Empowering Employees – Introduce more decentralized decision-making where middle managers and frontline staff have greater autonomy in problem-solving and service delivery.

Enhancing Employee Engagement – Develop programs that promote collaboration, feedback, and professional development to ensure employees feel valued and motivated.

Creating a Supportive Work Culture – While maintaining a focus on performance, leadership should foster a more open and communicative work environment where employees are encouraged to contribute innovative ideas.

Aligning Leadership with Long-Term Growth – Shifting towards a leadership style that balances operational excellence with employee satisfaction will result in sustainable organizational success, better customer service, and improved workforce retention.

By implementing these leadership changes, NZOVU can create a more dynamic, resilient, and innovative organization, better positioned to compete in Rwanda’s banking sector.

End of Marking Guide and Model Answers