

THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS STUDIES
2020 ACADEMIC YEAR-FINAL EXAMINATION

1. COM 5153: COMMUNICATION NETWORKS AND MANAGING INFORMATION
2. GSB 5021: RESEARCH METHODS
3. GSB 5031: FINANCE FOR MANAGERS
4. GSB 5041: CORPORATE GOVERNANCE AND BUSINESS ETHICS
5. GSB 5041: CORPORATE GOVERNANCE AND BUSINESS ETHICS
6. GSB 5052: ECONOMICS: FIRM AND GLOBAL PERSPECTIVES
7. HRM 5012; ORGANISATION DESIGN AND HUMAN RESOURCE PLANNING
8. HRM 5022: LABOUR ECONOMICS
9. HRM 5032: ORGANISATIONAL BEHAVIOR AND LEADERSHIP
10. HRM 5032: ORGANISATIONAL BEHAVIOR AND LEADERSHIP
11. HRM 6031: LEARNING AND DEVELOPMENT
12. HRM 6031: MANAGING DIVERSITY AND EQUALITY
13. MAF 5010: FINANCIAL REPORTING AND ANALYSIS
14. MAF 5022: STRATEGIC MANAGEMENT ACCOUNTING
15. MAF 5022: STRATEGIC MANAGEMENT ACCOUNTING
16. MAF 5022: STRATEGIC MANAGEMENT ACCOUNTING
17. MAF 5120: CORPORATE FINANCE-BLENDED

18. MAF 5120: CORPORATE FINANCE
19. MAF 5122: INVESTMENT ANALYSIS AND PORTFOLIO MANAGEMENT
20. MAF 6211: RISK MANAGEMENT
21. MBF 5152: PORTFOLIO MANAGEMENT AND WEALTH PLANNING
22. MBF 6561: DERIVATIVES AND ALTERNATIVE INVESTMENTS
23. MBS 5022: STRATEGIC MANAGEMENT
24. MBS 5022: STRATEGIC MANAGEMENT
25. MBS 6021: PROJECT MANAGEMENT
26. MBS 6021: PROJECT MANAGEMENT
27. MBS 6041: MARKETING STRATEGY
28. MCC 5012: FOUNDATIONS OF CORPORATE COMMUNICATION
29. MCC 5041: CRISIS COMMUNICATION
30. MCC 6021: INTERCULTURAL COMMUNICATION
31. MCC 6052: CONSUMER MEDIA COMMUNICATION
32. MCC 6052: CONSUMER MEDIA COMMUNICATION
33. OSM 5012: STRATEGIC SUPPLY CHAIN MANAGEMENT
34. OSM 5022: GLOBAL OPERATIONS MANAGEMENT
35. OSM 6031: OPERATIONS STRATEGY FOR INDUSTRY
36. ENTREPRENEURSHIP AND SMALL BUSINESS
37. INTERNATIONAL BUSINESS FINANCE

38. NEW VENTURE CREATION

39. STRATEGIC MANAGEMENT OF TECHNOLOGY AND INNOVATION



THE UNIVERSITY OF ZAMBIA

Graduate School of Business

FINAL EXAMINATION

COM 5135 - COMMUNICATION NETWORKS AND MANAGING INFORMATION

Date: 3rd July 2020
Time: 09:00hrs – 12:00hrs
Duration: 3 Hours
Venue: GSB CONFERENCE ROOM I

Instructions

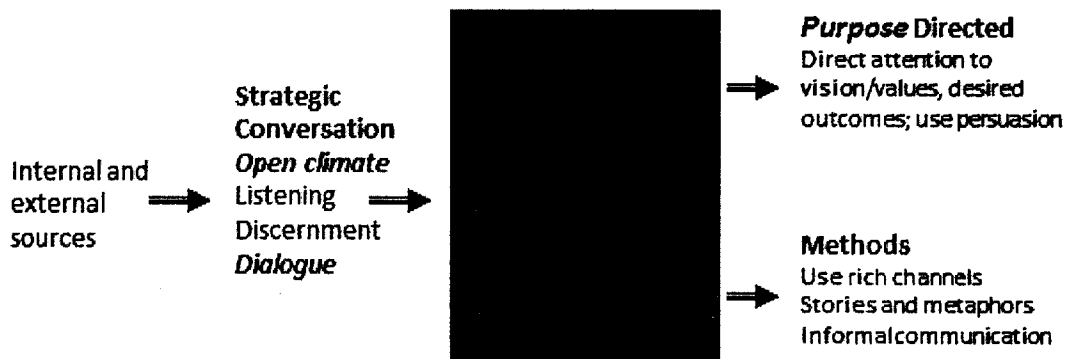
1. There are **Six (6) Questions** in this paper
2. Each question carries **20 Marks**,
3. The paper has **Two (2) Sections**, each section with **three** questions
4. *You are required to answer a total of Five (5) Questions*
5. Answer **ALL the questions in Section A** and Choose **Any TWO (2) Questions from Section B**

SECTION A

This Section has **THREE** Questions. Answer **ALL** the questions

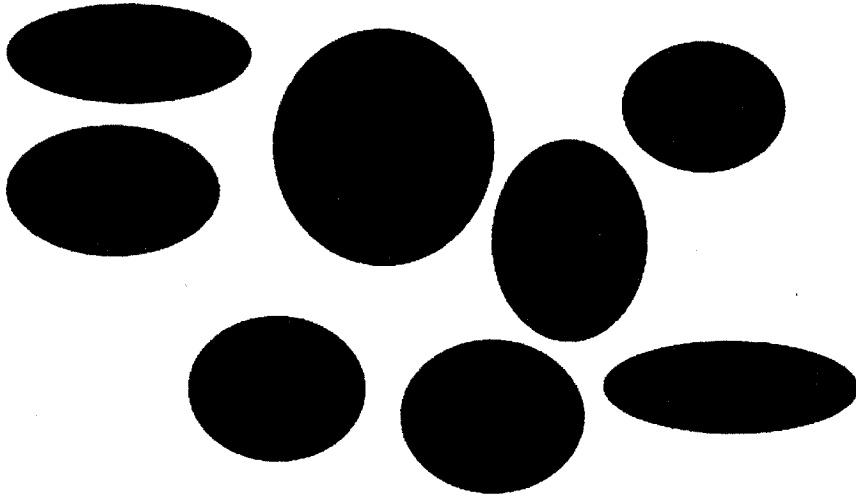
QUESTION ONE

- a) Mass communication is the communication of information from a person, small group of people, or an organization to a large group of heterogeneous and anonymous people [10 Marks]
- Identify and discuss the common communication channels used in mass communication
 - List the six major characteristics of Mass Communication
 - Name and discuss the five **m's** of mass communication components
- b) The diagram below shows how a leader can be a communication champion. Imagine you have just been promoted as a leader to a new position at your work place. Using the diagram below, explain how you can be a good and effective communication leader by [10 Marks];
- Establish credibility
 - Build goals on common ground
 - Make your position compelling to others
 - Connect emotionally

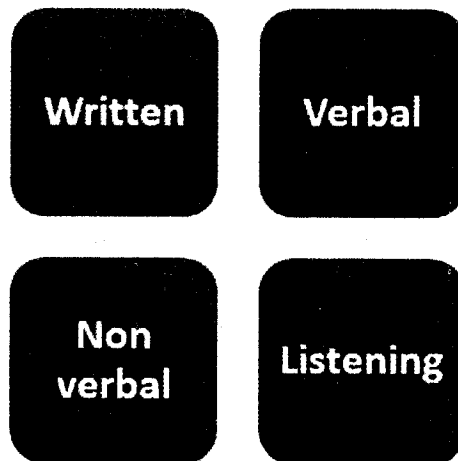


QUESTION TWO

- a) The diagram below shows the concentric model. With the Help of a diagram, discuss each of the following communication models [10 Marks]
- Shannon and Weaver
 - Harold Lasswell

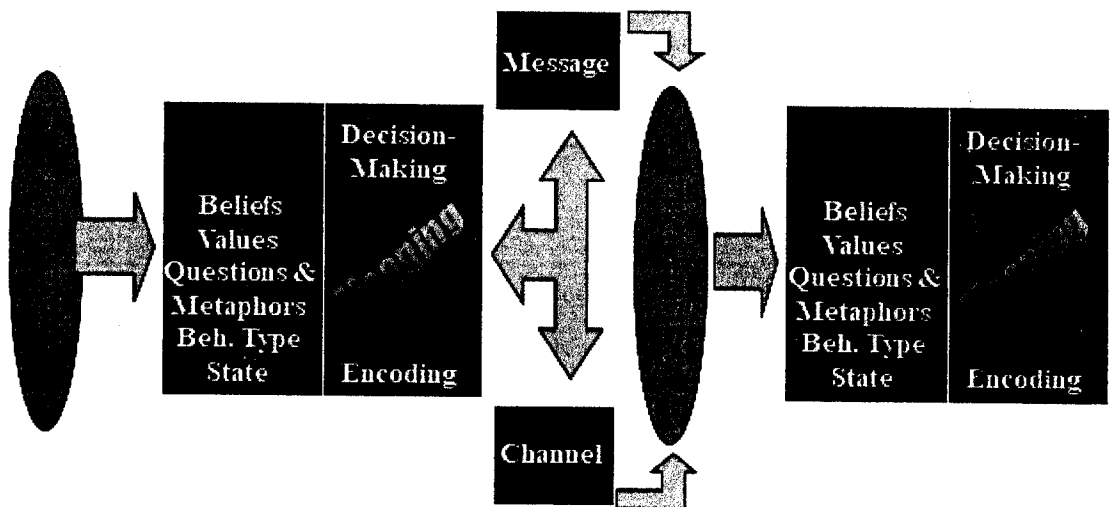


- b) The diagram below shows the four types of communication skills. Briefly discuss each of the communication skills below with examples [10 Marks]



QUESTION THREE

- a) The diagram below shows the Bowman Communication Model. With the help of the diagram below [10 marks]
- i. Describe the four facets of communication
 - ii. Why we communicate
 - iii. How we communicate
 - iv. Choosing your medium
 - v. Barriers to communication



The Bowman Communication Model, 1992-2003

- b) Nonverbal communication, known as “body language” sends strong positive and negative signals. This is how much it influences any message:

Words	8%
Tone of voice	34%
Non-verbal cues	<u>58%</u>
Message	100%

Discuss each of the following aspects of Body language communication [10 Marks]

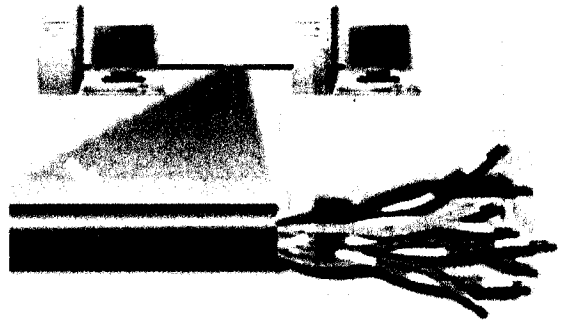
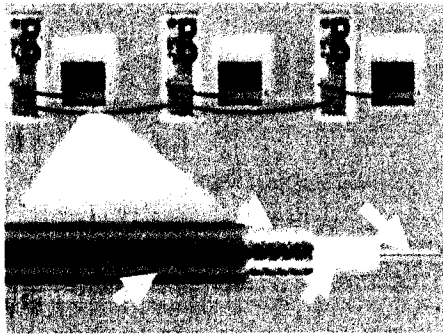
- i. Face
- ii. Figure
- iii. Focus
- iv. Tone
- v. Time

SECTION B

This Section has **Three (3)** Questions. Choose any **Two (2)** questions

QUESTION ONE

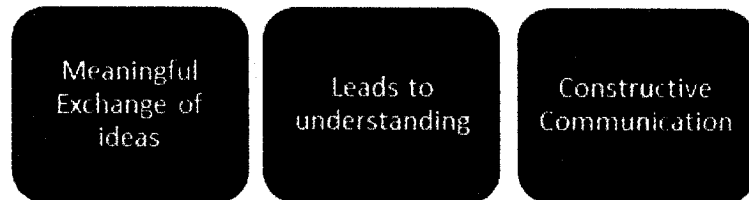
- a) A channel is a path between two communication devices. The channel consists of one or more transmission media. The transmission media can be classified as Physical (wire cable, fibre) or Wireless (Air). The diagrams below show examples of wire cables used as physical media. Name and discuss three examples of physical media and three examples of wires media categories [3 Marks]



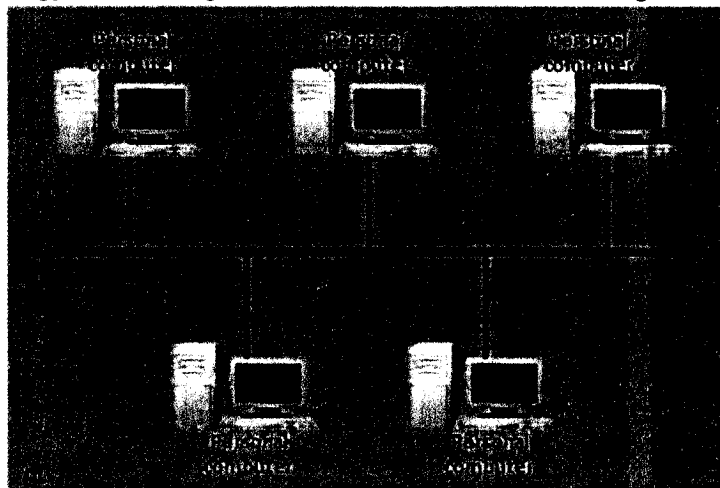
- b) Effective Communication is defined as the ability to convey information to another effectively and efficiently. It is crucial to communicate effectively in order to ensure you achieve your goals. Effective communication can help to foster a good working relationship which can in turn improve morale and efficiency. However, there are several factors that have the potential to influence effective communication. List any six (6) factors that have the potential to influence effective communication [3 Marks]
- c) Discuss each of the following 7 Trends in Communication [14 Marks]
- i. Compression of space and time
 - ii. Commodification
 - iii. Deregulation and Concentration and Conglomeration
 - iv. Globalization :
 - v. Digitization and Convergence
 - vi. Specialization (part of “demassification”)
 - vii. Personalization

QUESTION TWO

- a) The diagram below shows the major stages in constructive communication. Discuss the major factors that can help with meaningful exchange of idea and hence lead to understanding [5 Marks]



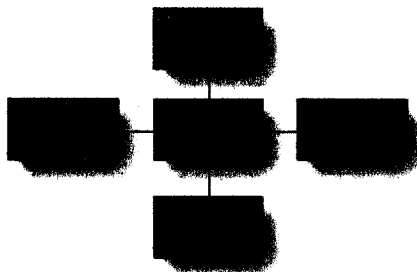
- b) The Configuration or physical arrangement in which devices are connected together is called a Network Topologies. The diagram below shows an example of the Bus Topology [5 Marks].
- Name any other three Topologies
 - For each topology draw a diagram similar to the one below and give a brief description



- c) The mobile cellular network forms an important part of the communication infrastructure. Discuss each of the following mobile cellular phone technologies [10 Marks]
- First Generation (1G)
 - Second Generation (2G)
 - Third Generation (3G)
 - Fourth Generation (4G)
 - Fifth Generation (5G)

QUESTION THREE

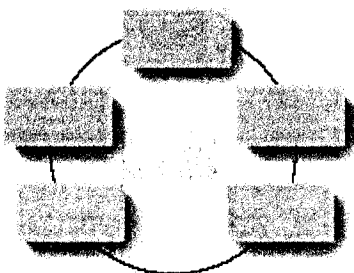
- a) Strategic Communications is an important aspect for a leader [10 Marks]
- Discuss the major benefit of planning as a strategy in communication
 - Describe the 6 easy steps to use when building your strategic communications planning into your planning cycle
- b) Briefly discuss each of the following technological advances in communication [6 Marks]
- Groupware
 - Give five ways how one can be successful using Groupware
- c) The diagram below shows Communication Networks in Groups and Teams. Give a brief description for each group given below [4 Marks]



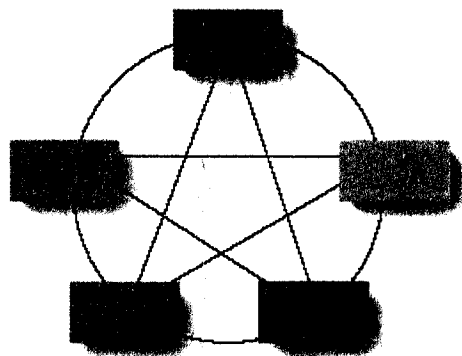
Wheel network



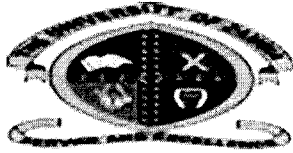
Chain network



Circle network



All-channel network



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

POSTGRADUATE SESSIONAL EXAMINATIONS
RESEARCH METHODS – GSB 5021
MAY 2019 COHORT (BLENDED AND EVENING MODES)

DATE: 08 JULY 2020

DURATION: 3 HOURS

INSTRUCTIONS

- Answer **ALL** the questions in **SECTION A**
- Choose **THREE** questions from **SECTION B**
- Use clearly labelled diagrams to illustrate your examples

SECTION A: COMPULSORY QUESTION

Read the following case study and answer **ALL** questions below.

University of Zambia, based in the Lusaka Province of Zambia, has gained an excellent reputation for its postgraduate courses. As a result, in recent years the University has attracted a large number of international postgraduate students. The fees paid by these students make an important contribution to the University's annual budgeted income. To support the recruitment of international students, the University has established a small department to promote its courses abroad and to liaise with education institutions in key countries.

However, this year there has been a noticeable reduction in the number of applications from international students. The University authorities are unsure if this is because of the global economic downturn attributed by the COVID pandemic, or if there are other factors causing this reduction. They have decided to conduct research to investigate how studying at the University of Zambia is now perceived by potential students and by key groups of opinion formers, such as education bodies and major employers. It has commissioned quantitative research to be carried out in the 3 countries which have, until now, represented the largest international markets for the University (Zimbabwe, Malawi, Tanzania and Angola).

Your research agency, which has offices in each of the target countries, has won the contract for the project. The agency proposes to carry out a phase of desk research in order to inform the development of a questionnaire. It will then conduct a telephone survey using CATI (computer-assisted telephone interviewing), with each office taking responsibility for carrying out the fieldwork in its own country. The results will then be fed back to the agency's central office in Lusaka for analysis. The University has given a deadline of 3 months for the completion and reporting of the research.

QUESTION 1

- a) Discuss 5 types of secondary data that could be useful to inform the development of the questionnaire. **[10 marks]**

- b) Expound on the advantages of conducting fieldwork separately in each of the countries concerned compared to the advantages of conducting all the telephone interviews centrally from Zambia. **[10 marks]**

- c) Illustrate with an example, the appropriate sampling technique for recruiting respondents from each of populations for this project. **[10 marks]**
- d) Describe the factors that should be taken into consideration during sampling. **[5 Marks]**
- e) What type of research strategy would be appropriate for this project? **[5 marks]**

[Total Marks= 40]

SECTION B (Answer Any 3 questions from this Section)

QUESTION 2

Your organisation has been asked to carry out a programme of qualitative research for a company that produces battery-powered scooters for transport around city centres. The company wants to know if and how the public's perceptions of its brand have been affected by environmental concerns and increases in fuel prices.

- a) Propose 3 approaches of primary data collection by which the information the company requires could be gathered. **[6 marks]**
- b) Outline the 3 strengths and 3 limitations of each approach you proposed. **[6 marks]**
- c) Select one of the approaches you have proposed and describe in detail the steps you would take from the research design stage onwards to ensure that it produces the type of information that the company requires. **[8 marks]**

[Total Marks = 20 marks]

QUESTION 3

You are an Insight Manager for a leading confectionery manufacturer. A new member of the production team has prepared a research brief. You feel that the research topic and objectives within the brief are unclear, and you have been asked to provide some feedback for the team member before he amends the brief and sends it to the research agency.

- a) Demonstrate to your team member by discussing 4 criteria for a good scientific research. **[8 marks]**
- b) Using examples, discuss the steps that you would expect the team member to take in order to ensure that the research objectives set out in the brief fully address the research needs. **[12 marks]**

[Total Marks = 20 marks]

QUESTION 4

Five years ago, a Government organisation responsible for health promotion conducted a major research study to investigate attitudes to healthy eating among young people aged 18-24 years. The study involved both quantitative and qualitative primary studies among students at five universities across Zambia. The quantitative research took the form of a self-completion pen and paper questionnaire. The qualitative research comprised a series of traditional, face-to-face

group discussions. The organisation now wishes to carry out a review on research conducted on the same topic in other countries.

- a) Discuss the appropriate method that the organization should take when reviewing studies from other countries. **[5 marks]**
- b) With the aid of a diagram, describe four analysis tasks that the organization should consider when conducting a literature review. **[8 marks]**
- c) Outline five common approaches that the organization should take into consideration when organising the body of the paper (reviewing other studies). **[5 marks]**
- d) Propose two factors that should be considered at the planning stage of literature reviewing. **[2 marks]**

[Total Marks = 20 marks]

QUESTION 5

You have recently been employed as Head of Research at Zambia National Building Society. The organization is conducting studies on land distribution among Zambians for the purpose of understanding preferences. As a Head of Research, your Chief Executive Officer (CEO) has tasked you to develop a conceptual framework in order to understand the variables for consideration in the study.

- a) Propose the stages for developing the conceptual framework for this study. **[5 marks]**
- b) Describe five points you should consider when developing the theoretical framework for this study. **[5 marks]**
- c) Having considered the questions above, design the conceptual framework for this study. **[10 marks]**

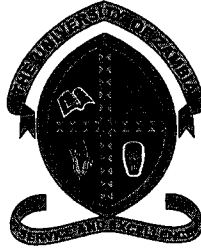
[Total Marks = 20 marks]

QUESTION 6

The Graduate School of Business has proposed dates for proposal presentations and you are one of the presenters. The presentation duration is scheduled for 10 minutes. Using a topic of your choice, illustrate precisely the ingredients of your research proposal. **[20 marks]**

[Total Marks = 20 marks]

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

Masters Final Examination

Thursday 9th July, 2020

GSB 5031: FINANCE FOR MANAGERS

Instructions

Time Allowed: **3 hours**

There are two sections in this paper, A and B. Section A is compulsory.

Section B consist of four questions and you are required to attempt any two questions.

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: COMPULSORY (ANSWER BOTH QUESTIONS)**QUESTION ONE**

WIELD plc is considering procuring a new machine in order to produce a new product called 'VuVe'. The machine will cost K2.5million and is expected to last for 4 years at which time it will have an estimated scrap value of K400,000. They expect to produce 119,000 units per year of 'VuVe' which will be sold for K25 per unit in the first year. Production costs per unit (at current prices) are as follows:

Materials K9

Labour K8

Materials are expected to increase by 7% per year and labour will increase by 5% per year. Annual fixed overheads of the company are estimated to amount to K1million after the investment. The management accountant has determined that 10% of these are directly attributed to the investment in the new machine. WIELD Plc expects the selling price of the product to increase by 9% annually. An additional K250, 000 of working capital will be required at the start of the project. The minimum expected rate of return by investors from the project is 10%. The corporate tax is 30% per year.

Required

- Calculate the NPV of the project and advise as to whether or not it should be accepted. (12marks)
- Calculate the internal rate of return of the project and advise as to whether or not it should be accepted. (7marks)
- Explain the concept of time value of money in the context of finance. (6marks)

[Total: 25 marks]

QUESTION TWO

The following extract financial information relates to COV Inc. over the two years:

Year	2019	2018
Current ratio	2.2: 1	1.3: 1
Quick ratio	1.68: 1	1.08: 1
Inventory turnover	5 times	8 times
Receivables period	91 days	55 days
Payables period	64 days	118 days

The shareholders of the company are worried about its working capital management. As a Managing Director, one of the institutional shareholder has called you to make a quick comment on the situation.

Required:

- Based on the financial information provided above for COV Inc., comment on the working capital management of the company. (9 marks)
- The following financial ratios are used to assess the performance and financial position of a company:
 - ROCE
 - Inventory turnover
 - Net Profit Margin
 - Earnings Per Share

v) Dividend Cover

Explain the meaning of each ratio stated above.

(10 marks)

c) Explain the difference between accounting profit and cash.

(6 marks)

[Total: 25 marks]

SECTION B: CHOOSE ANY TWO QUESTIONS

QUESTION THREE

- a) Discuss any three (3) factors that may affect the dividend policy of a listed company. (6marks)
- b) Discuss whether you agree or not that cash accounting is more informative than accruals accounting. (5marks)
- c) Identify the different users of financial information and explain their respective interests. (6marks)
- d) Explain any four (4) fundamental assumptions underlying the preparation of financial statements and their implication. (8marks)

[Total: 25 marks]

QUESTION FOUR

- a) Explain the meaning of breakeven point for an activity and discuss the usefulness of knowing the breakeven point by managers. (12 marks)
- b) NKB Ltd makes chairs. The fixed costs of operating the workshop for a month total K150, 000. Each chair requires materials that cost K125. Each basket takes one hour to make, and the business pays the workers K135 an hour. The workers are all on contracts such that if they do not work for any reason, they are not paid. The chairs are sold to a wholesaler for K500 each.
- If budgeted sales and production are 1,100 chairs per month, what is the budgeted profit (or loss) for the year? You should use marginal costing approach.
 - What is the annual breakeven point (in units)?
 - What is the breakeven revenue?
 - How many units need to be sold to achieve a target profit of K2million per year?
 - What is the margin of safety in percentage (%)? Comment on the results.

(13 marks)

[Total: 25 marks]

QUESTION FIVE

The Chief Financial Officer and Marketing Director of NK International are discussing three approaches to pricing their products, namely cost based, customer based and competition based. The company budgets to make 25,000 units per year which has a variable cost of production of K55 per unit. Fixed production costs are K600, 000 per annum. The Chief financial Officer has recommended the cost based approach and stated that if the selling price is to be 35% higher than full cost the company will maximize its profit.

Required

- Determine the selling price of the product using the full cost-plus method and discuss which of the pricing approaches discussed is most likely to maximize profits for NK international. (11 marks)
- With the aid of diagrams, explain the difference between fixed costs, semi-variable costs, stepped fixed cost and variable cost. (8 marks)
- Explain the usefulness of a budget to a Manager in an organisation. (6 marks)

[Total: 25 marks]

QUESTION SIX

a) MMN Ltd manufactures three products, PL, RJ and BK. The present net annual income from these is as follows:

	<i>PL</i>	<i>RJ</i>	<i>BK</i>	<i>Total</i>
	<i>K</i>	<i>K</i>	<i>K</i>	<i>K</i>
Sales	50,000	40,000	60,000	150,000
Less variable costs	30,000	25,000	35,000	90,000
Contribution	20,000	15,000	25,000	60,000
Less fixed costs	17,000	18,000	20,000	55,000
Profit/ (loss)	3,000	(3,000)	5,000	5,000

The company is considering whether or not to cease selling RJ. It is felt that selling prices cannot be raised or lowered without adversely affecting net income. K5,000 of the fixed costs of RJ are direct fixed costs which would be saved if production ceased. All other fixed costs would remain the same. MMN Ltd exports some of its products to the neighbouring countries and is worried about the foreign currency risk.

b) Suppose, however, that it were possible to use the resources released by stopping production of RJ to produce a new item, MIM, which would sell for K51, 000 and incur variable costs of K30, 000 and extra direct fixed costs of K6, 000.

Required

- Consider whether the company should cease production and sale of RJ under each of the scenarios in (a) and (b) above. (12 marks)
- Discuss factors that should be considered before the decision of whether to cease the production of RJ is made. (8 marks)
- State any five (5) ways in which MMN Ltd may protect itself against foreign currency risk. (5 marks)

[Total: 25 marks]

END OF PAPER

Formula

$$\text{IRR} = \text{L\%} + \frac{\text{NPV}_L}{\text{NPV}_L - \text{NPV}_H} (\text{H\%} - \text{L\%})$$

Present Value Table

Present value of 1 i.e. $(1 + r)^{-n}$

Where r = discount rate
 n = number of periods until payment

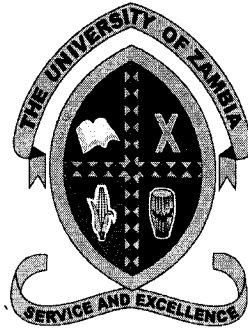
Periods (n)	Discount rate (r)										
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	1
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	2
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	3
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683	4
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621	5
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564	6
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513	7
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467	8
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424	9
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386	10
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.350	11
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319	12
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290	13
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263	14
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239	15
(n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%	
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833	1
2	0.812	0.797	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694	2
3	0.731	0.712	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579	3
4	0.659	0.636	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482	4
5	0.593	0.567	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402	5
6	0.535	0.507	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335	6
7	0.482	0.452	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279	7
8	0.434	0.404	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233	8
9	0.391	0.361	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194	9
10	0.352	0.322	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162	10
11	0.317	0.287	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135	11
12	0.286	0.257	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112	12
13	0.258	0.229	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.093	13
14	0.232	0.205	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078	14
15	0.209	0.183	0.160	0.140	0.123	0.108	0.095	0.084	0.074	0.065	15

Annuity Table

Present value of an annuity of 1 i.e. $\frac{1 - (1 + r)^{-n}}{r}$

Where r = discount rate
 n = number of periods

Periods (n)	Discount rate (r)										
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	1
2	1.970	1.942	1.913	1.886	1.859	1.833	1.808	1.783	1.759	1.736	2
3	2.941	2.884	2.829	2.775	2.723	2.673	2.624	2.577	2.531	2.487	3
4	3.902	3.808	3.717	3.630	3.546	3.465	3.387	3.312	3.240	3.170	4
5	4.853	4.713	4.580	4.452	4.329	4.212	4.100	3.993	3.890	3.791	5
6	5.795	5.601	5.417	5.242	5.076	4.917	4.767	4.623	4.486	4.355	6
7	6.728	6.472	6.230	6.002	5.786	5.582	5.389	5.206	5.033	4.868	7
8	7.652	7.325	7.020	6.733	6.463	6.210	5.971	5.747	5.535	5.335	8
9	8.566	8.162	7.786	7.435	7.108	6.802	6.515	6.247	5.995	5.759	9
10	9.471	8.983	8.530	8.111	7.722	7.360	7.024	6.710	6.418	6.145	10
11	10.37	9.787	9.253	8.760	8.306	7.887	7.499	7.139	6.805	6.495	11
12	11.26	10.58	9.954	9.385	8.863	8.384	7.943	7.536	7.161	6.814	12
13	12.13	11.35	10.63	9.986	9.394	8.853	8.358	7.904	7.487	7.103	13
14	13.00	12.11	11.30	10.56	9.899	9.295	8.745	8.244	7.786	7.367	14
15	13.87	12.85	11.94	11.12	10.38	9.712	9.108	8.559	8.061	7.606	15
(n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%	
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833	1
2	1.713	1.690	1.668	1.647	1.626	1.605	1.585	1.566	1.547	1.528	2
3	2.444	2.402	2.361	2.322	2.283	2.246	2.210	2.174	2.140	2.106	3
4	3.102	3.037	2.974	2.914	2.855	2.798	2.743	2.690	2.639	2.589	4
5	3.696	3.605	3.517	3.433	3.352	3.274	3.199	3.127	3.058	2.991	5
6	4.231	4.111	3.998	3.889	3.784	3.685	3.589	3.498	3.410	3.326	6
7	4.712	4.564	4.423	4.288	4.160	4.039	3.922	3.812	3.706	3.605	7
8	5.146	4.968	4.799	4.639	4.487	4.344	4.207	4.078	3.954	3.837	8
9	5.537	5.328	5.132	4.946	4.772	4.607	4.451	4.303	4.163	4.031	9
10	5.889	5.650	5.426	5.216	5.019	4.833	4.659	4.494	4.339	4.192	10
11	6.207	5.938	5.687	5.453	5.234	5.029	4.836	4.656	4.486	4.327	11
12	6.492	6.194	5.918	5.660	5.421	5.197	4.988	4.793	4.611	4.439	12
13	6.750	6.424	6.122	5.842	5.583	5.342	5.118	4.910	4.715	4.533	13
14	6.982	6.628	6.302	6.002	5.724	5.468	5.229	5.008	4.802	4.611	14
15	7.191	6.811	6.462	6.142	5.847	5.575	5.324	5.092	4.876	4.675	15



UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
CORPORATE GOVERNANCE AND BUSINESS ETHICS
GSB 5041
SUPPLEMENTARY/DEFERRED EXAMINATION
FEBRUARY, 2020

INSTRUCTIONS

- 1. This examination paper is divided into TWO Sections. Section A is compulsory and carries 40 marks.**
- 2. Candidates should attempt THREE questions from Section B, all of which carry 20 marks each**
- 3. You should allow yourself approximately 70 minutes in total to answer the questions in Section A,**
- 4. 35 minutes for each of the questions attempted in Section B.**
- 5. Candidates are not permitted to bring any material into the examination**
- 6. Candidates must not turn this page until the invigilator tells them to do so**

QUESTION 1

In recent years, Google has been under major scrutiny for gender discrimination, and the Department of Labor is investigating Google for a potential gender pay gap. Also, Silicon Valley has been exposed as a community that repeatedly discriminates against women and other minorities, and research shows that the gender disparity in tech jobs is pervasive and widespread. As a result, Google has made a major push to create a more diverse and inclusive work culture.

In August of 2017, Google fired a male software engineer, James Damore, after he internally posted a memo that relied on inaccurate gender stereotypes to criticize Google's implementation of its diversity and inclusion initiative. The memo was leaked to the press, which led to a public outcry and exacerbated an already tense time for gender diversity in Silicon Valley.

Around the same time as Damore's firing, a white supremacist protest that turned violent in Charlottesville, Virginia, heightened an already tense conversation about the complexities of free speech in America. The overall conflicting views on free speech are split down ideological lines: Conservatives say they aren't free to express their views because liberals will accuse them of being politically incorrect, while liberals believe that in an effort towards being more inclusive, people should avoid using language that is potentially offensive to marginalized communities.

Damore says he was trying to point out that sometimes conservative viewpoints aren't welcome at Google because of its liberal "echo chamber." The memo also says that Google discriminates against certain employees and offers development opportunities "only for people with a certain gender or race," and that Google has lowered the bar by hiring diverse candidates. Damore believes that in order to have a truly diverse culture, Google needs to create a safe space for more conservative views.

Damore's memo also states that one of the central reasons there are fewer women than men in tech is women are biologically different from men. Damore then references scientifically unfounded gender stereotypes to support this line of reasoning. Some of the stereotypes he uses include: women are more neurotic than men; women are less capable of handling stress; and women are better at relationships than men because men are better at "things."

After the memo was leaked, many criticized the contents, calling Damore and his memo "anti-diversity," with Google employees and some of the general public saying they were offended by its contents. Critics said Damore's memo is exactly the type of discrimination that keeps women out of the tech industry, and some female Google employees expressed discomfort at having to work with Damore.

The day after the memo was leaked, Google's VP of Diversity and Inclusion, Danielle Brown, issued a statement criticizing the discriminatory content of the memo, saying it did not align with Google's dedication to creating a truly diverse workforce. Three days after the public release of the memo, Damore confirmed Google had fired him.

Sundar Pichai, Google's CEO, released a statement explaining the decision to fire Damore. Pichai's statement points out that some of Damore's criticisms of Google's attempts at creating a truly diverse culture are valid, but the memo violated parts of the company's code of conduct "by advancing harmful gender stereotypes in our workplace." Pichai also writes, "To suggest a group of our colleagues have traits that make them less biologically suited to that work is offensive and not OK."

Those who disagree with the firing say it confirms Damore's main argument: that Google does have a liberal echo chamber; Google is intolerant to conservative views; and that its diversity efforts have actually backfired and stifled diversity. Others who disagree point to Damore's right to free speech. However, there is some legal ambiguity in this case because companies have the legal right to fire an employee who makes statements that could create a hostile working environment for other employees in a protected class (gender, age, sexual orientation, etc.), particularly in an at-will state like California, where Google is headquartered. But, in California, an employee cannot be fired for their political views, complicating the legal aspects of this situation even further. Damore sought out legal counsel after Google fired him, and he is currently deciding whether or not to sue for wrongful termination.

Those who believe Google made the right decision by firing Damore point out that the company has made a very public commitment to creating a diverse and inclusive culture, and to have an openly discriminatory employee breaks that commitment. Keeping Damore around could also negatively impact morale among employees, create a hostile working environment, and lead to a backslide in culture. Additionally, Google has a peer review process, whereby employees review one another's performance. These reviews directly influence potential raises, bonuses, and promotions, so Damore's critics question whether he could be trusted to give fair reviews when he has openly discriminated against his female colleagues in the memo.

Required:

- a. 1. Explain the common definition of business ethics. **(2 marks)**
2. Why is the subject of business ethics increasingly becoming important to companies? **(5 marks)**
- b. Legally, Google's firing of Damore may or may not be problematic, but is Google's firing of Damore ethical? **(7 marks)**
- c. Would you have made the same decision if you were Pichai? Explain? **(10 marks)**
- d. Is it ethical for an organization to fire someone who expresses beliefs that don't align with the overall culture? **(9 marks)**
- e. How can google put business ethics into practice, and therefore on top of its agenda? **(7 marks)**

(Total 40 marks)

SECTION B

Question 2

- a. What was the background to the introduction of the Sarbanes-Oxley Act in the US in 2002? What are its main provisions? **(8 marks)**
- b. How were these provisions intended to reduce the risk of corporate fraud? Evaluate whether this is likely to be achieved. **(6 marks)**
- c. How does the legislative approach differ from the regulatory approaches adopted elsewhere **(6 marks)**

(Total 20 marks)

Question 3

In June 2015 Zambia Phone Company ousted its CEO Because of concerns about the reliability of the company's financial statements. In July, the company disclosed that it had incorrectly accounted for large amounts of revenue over the past three years. Apparently, the company had recorded 5 million Kwacha of income at the end of each quarter that should properly have been attributed to the next quarter. In this way, the company reported revenue and profits before they properly occurred. It was suspected that the company manipulated the accounts because it was under pressure from the investment community to reach certain revenue and profit targets for each quarter.

In addition, the company's new auditors were investigating the company's accounting policies for over 1 Billion Kwacha 'swap transactions', in which the company bought and re-sold network capacity to the same companies, thereby boosting reported revenues. It is questionable whether these swap transactions were genuine business transactions, or simply a ruse for increasing reported revenues.

Required.

Discuss the corporate governance concerns regarding the financial reporting and auditing position of Zambia Phone Company.

(Total 20 marks)

Question 4

Sorry Holdings Plc was incorporated in 2000 as the holding company of Sorry Securities Limited and its subsidiaries. Sorry Securities Limited was authorized under relevant legislation to carry out merchant banking activities, providing advisory services and negotiated finance. Its directors were the same as the

directors of Sorry Holding Plc. Frank Mutale was chairperson and managing director and did not consult the board about loans made by the company. Nor was there any policy in place about the level of expenditure by the companies, and providing incomplete information to the boards, balance sheets were shown in a favourable light. Transactions just before, and after, balance sheet dates created misleading accounts which hid the true financial picture. The auditors appointed in 2000 continued in office throughout the group's history and Sorry Group rapidly became their largest client. As the board had no standing committees, the auditors reported directly to Mr. Mutale.

Following the collapse of Dotcom boom, loans turned sour and Sorry Group collapsed. The company was subject to the Ministry of Commerce's inspection, including the Anti-Corruption Commission and several charges were brought against Mr. Mutale and other directors under the Companies Acts. The auditors were criticized and several deficiencies noted in their conduct of the audit.

The Inspector's report stated that:

"For a company to be well-managed, an effective system of corporate governance needs to be present and functioning properly. The investigation into Sorry Securities Limited reveals a system which did not work effectively, because of the absence or ineffectiveness of the required elements. "

Based on the scenario:

(a) Identify the key areas where good governance would have helped to avoid the corporate collapse of the Sorry Group. (4 marks)

(b) Explain the ways in which the application of these governance principles would reduce the risk of failure. (16 marks)

(Total: 20 marks)

Question 5

Nyambe Daka, an employee in the accounts office of a medium-sized company listed on the Lusaka Stock Exchange. Nyambe was working late one evening during the week. He realized he had left his pen in the boardroom at an earlier meeting and, given its value, went upstairs to look for it. The "9 carat" gold fountain pen was given to him as a gift by his wife on their first wedding anniversary. As he approached the door he heard the following discussion:

Chief Executive: I am deeply concerned that if this fall in profit figures is disclosed in the next annual report, there will be all sorts of problems with the shareholders. We may even lose a number of big investors.

Non-executive director (also the cousin of the Chief Executive): (large sigh)
Well, I suppose we could always find a way of making them look better.

Chief Executive: How? I can't see it at all!

Non-executive director: Well, we could make them just slightly higher than last year's figures by including the proceeds of the sales of our plastic bottles division.

Chief Executive: But the sale doesn't go through until October.

Non-executive director: No, but it will ... and it doesn't make much difference, we need the money on the books now.

Chief Executive: But when the accounts are signed off, won't that be fraudulent!?

Non-executive director: Not really ... I don't see why and how... it's just a manipulation of timing rather than numbers.

Chief Executive: OK. That sounds good to me. Let's sort it out now."

Nyambe heard one of them move towards the door, and quickly slipped back to the stairs. He left work and spent the evening worrying about what he should do, if anything. He decided he would anonymously ask the Company Secretary how he could deal with this situation, and bring the issue out into the open.

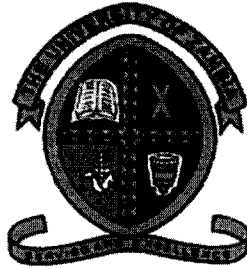
REQUIRED

(a) As Company Secretary you receive a report from the employee about the overheard conversation. Write a brief summary for board members of the corporate governance problems raised by this employee, and the weaknesses in the company's corporate governance which are evident from the conversation which was overheard. **(12 marks)**

(b) Draft a whistleblowing policy statement for any organization, taking account of the International Best Practice Guide. **(8 marks)**

(Total 20 marks)

END OF EXAMINATION



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
CORPORATE GOVERNANCE AND BUSINESS ETHICS
GSB 5041
FINAL EXAMINATION

FRIDAY, 10TH JULY, 2020

TIME 09:00 – 12:00 Hours

INSTRUCTIONS

- 1. This examination paper is divided into TWO Sections. Section A is compulsory and carries 50 marks.**
- 2. Candidates should attempt TWO questions from Section B, all of which carry 25 marks each.**
- 3. You should allow yourself approximately 90 minutes in total to answer the questions in Section A.**
- 4. You should allow yourself approximately 45 minutes for each of the questions attempted in Section B.**
- 5. Candidates are not permitted to bring any material into the examination.**
- 6. Candidates must not turn this page until the invigilator tells them to do so.**

Section A – This question is compulsory and MUST be attempted

Question 1

Kemiko Company Plc is a well-established listed European chemical company involved in research into, and the production of, a range of chemicals used in industries such as agrochemicals, oil and gas, paint, plastics and building materials. A strategic priority recognised by the Kemiko Company Plc board some time ago was to increase its international presence as a means of gaining international market share and servicing its increasingly geographically dispersed customer base.

The Kemiko Company Plc board, which operated as a unitary structure, identified Chemsis Incorporation as a possible acquisition target because of its good product 'fit' with Kemiko Company Plc and the fact that its geographical coverage would significantly strengthen Kemiko Company Plc's internationalisation strategy. Based outside Europe in a region of growth in the chemical industry, Chemsis Incorporation was seen by analysts as a good opportunity for Kemiko Company Plc, especially as Chemsis Incorporation's recent flotation had provided potential access to a controlling shareholding through the regional stock market where Chemsis Incorporation operated.

When the board of Kemiko Company Plc met to discuss the proposed acquisition of Chemsis Incorporation, a number of issues were tabled for discussion. John Black, Kemiko Company Plc's Chief Executive, had overseen the research process that had identified Chemsis Incorporation as a potential acquisition target. He was driving the process and wanted the Kemiko Company Plc board of directors to approve the next move, which was to begin the valuation process with a view to making an offer to Chemsis Incorporation's shareholders. John said that the strategic benefits of this acquisition was in increasing overseas market share and gaining economies of scale.

While Kemiko Company Plc was a public company, Chemsis Incorporation had been family owned and operated for most of its thirty-five year history. Seventy-five percent of the share capital was floated on its own country's stock exchange two years ago, but Joyce Mimi, Kemiko Company Plc's Company secretary suggested that the corporate governance requirements in Chemsis Incorporation's country were not as rigorous as in many parts of the world. She also suggested that the family business culture was still present in Chemsis Incorporation, and pointed out that it operated a two-tier board with members of the family on the upper tier. At the last annual general meeting, observers noticed that the Chemsis Incorporation board, mainly consisting of family members, had 'dominated discussions' and had discouraged the expression of views from the company's external shareholders. Chemsis Incorporation had no Non-Executive Directors and none of the board committee structure that many listed companies like Kemiko Company Plc had in place. John reported that

although Chemsis Incorporation's department heads were all directors, they were not invited to attend board meetings when strategy and management monitoring issues were being discussed. They were, he said, treated more like middle management by the upper tier of the Chemsis Incorporation board and that important views may not be being heard when devising strategy. Joyce suggested that these features made the Chemsis Incorporation board's upper tier less externally accountable and less likely to take advice when making decisions. She said that board accountability was fundamental to public trust and that Chemsis Incorporation's board might do well to recognise this, especially if the acquisition were to go ahead.

Kemiko Company Plc's Finance Director, Mary Rich advised caution over the whole acquisition proposal. She saw the proposal as being very risky. In addition to the uncertainties over exposure to foreign markets, she believed that Kemiko Company Plc would also have difficulties with integrating Chemsis Incorporation into the Kemiko Company Plc culture and structure. While Kemiko Company Plc was fully compliant with corporate governance best practice, the country in which Chemsis Incorporation was based had few corporate governance requirements.

Daniel Amos, Kemiko Company Plc's Operations Director, asked John if he knew anything about Chemsis Incorporation's risk exposure. Daniel suggested that the acquisition of Chemsis Incorporation might expose Kemiko Company Plc to a number of risks that could not only affect the success of the proposed acquisition but also, potentially, Kemiko Company Plc itself. John replied that he would look at the risks in more detail if the Kemiko Company Plc board agreed to take the proposal forward to its next stage.

Finance Director Mary Rich, had obtained the most recent annual report for Chemsis Incorporation and highlighted what she considered to be an interesting, but unexplained, comment about 'negative local environmental impact' in its accounts. She asked Chief Executive John Black if he could find out what the comment meant, and whether Chemsis Incorporation had any plans to make provision for any environmental impact. John Black was able to report, based on his previous dealings with Chemsis Incorporation, that it did not produce any voluntary environmental reporting. The Kemiko Company Plc board broadly supported the idea of environmental reporting although Company Secretary Joyce Mimi recently told John Black that she was unaware of the meaning of the terms 'environmental footprint' and 'environmental reporting,' and so couldn't say whether she was supportive or not. It was agreed, however, that relevant information on Chemsis Incorporation's environmental performance and risk would be necessary if the acquisition went ahead.

Required:

(a) Evaluate Chemsis Incorporation's current corporate governance arrangements, and explain why they are likely to be considered inadequate by the Kemiko Company Plc board. (10 marks)

(b) Daniel Amos suggested that the acquisition of Chemsis Incorporation might expose Kemiko Company Plc to a number of risks. Illustrating from the case as required, identify the risks that Kemiko Company Plc might incur in acquiring Chemsis Incorporation and explain how risk can be assessed. (15 marks)

(c) Construct the case for Chemsis Incorporation adopting a unitary board structure after the proposed acquisition. Your answer should include an explanation of the advantages of unitary boards and a convincing case FOR the Chemsis Incorporation board changing to a unitary structure.

(10 marks)

(Including 2 professional marks)

(d) Explain FOUR roles of Non-Executive Directors (NEDs) and assess the specific contributions that NEDs could make to improve the governance of the Chemsis Incorporation board. (7 marks)

(e) Write a memo to Joyce Mimi:

- i. Briefly evaluating the concept of 'environmental footprint,' and,**
- ii. Briefly explaining the importance of environmental reporting for Chemsis Incorporation.**

(8 marks)

(Including 2 professional marks)

(Total 50 marks)

Section B – TWO questions ONLY to be attempted

Question 2

In a recent case, it emerged that Mr. Anabwela Phiri, a Sales director at Genesis Company, had been awarded a substantial over-inflation annual basic pay award with no apparent link to performance. When a major institutional shareholder, Hexal Investments, looked into the issue, it emerged that Mr. Phiri had a cross directorship with Joe Mutale, an Executive Director of Model Express Limited. Mr Joe Mutale was a Non-Executive Director of Genesis Company, and Chairman of its Remunerations Committee. Hexal Investments argued at the Annual General meeting that there was ‘a problem with the independence’ of Mr. Mutale and further, that Mr Phiri’s remuneration package as a Sales Director was considered to be poorly aligned to Hexal Investment’s interests because it was too much weighted by basic pay and contained inadequate levels of incentive.

Hexal Investments proposed that the composition of Mr. Phiri’s remuneration package be reconsidered by the remunerations committee and that Mr. Mutale should not be present during the discussion. Another of the larger institutional shareholders, Haamango Holdings, objected to this, proposing instead that Mr. Mutale and Mr. Phiri both resign from their respective non-executive directorships as there was ‘clear evidence of malpractice’. Hexal Investments considered this too radical a step, as Mr. Mutale’s input was, in its opinion, valuable on Genesis Company’s board.

Required:

- (a) Explain FOUR roles of a Remunerations committee and how the cross directorship undermines these roles at Genesis Company. (12 marks)**

 - (b) Hexal Investments believed Mr. Phiri’s remunerations package to be ‘poorly aligned’ to its interests. With reference to the different components of a director’s remunerations package, explain how Mr. Phiri’s remuneration might be more aligned to shareholders’ interests at Genesis Company. (8 marks)**

 - (c) Evaluate the proposal from Haamango Holdings that both Mr. Mutale and Mr. Phiri be required to resign from their respective non-executive positions. (5 marks)**
- (Total 25 marks)**

Question 3

You are the Company Secretary of Liberty Plc. Recently there have been several disputes about whether certain actions in Divisions of the company have been properly conducted. Although technically legal in each case, these are viewed as improper or as sharp practice by some of those aware of the circumstances. The CEO and Company Secretary are aware that one of the directors is likely to raise this problem at the next board meeting. You are asked to brief the executive committee on two main areas, at a meeting to be held before the board meeting:

- (a) Briefly evaluate the concept of business ethics, and why this concept is increasingly important to profit and non-profit companies and/or organizations; (15 Marks)
- (b) How Liberty Plc can put business ethics into practice. (10 Marks)

(Total: 25 Marks)

Question 4

ZAFF is a security company based in Zambia. When ZAFF was shortlisted for a valuable contract for the development of a coastal defence system for another country, it was contingent on the payment of a facilitation fee to an official in the Ministry of Defence. Clearly this was an unusual request but it was also made very clear that ZAFF would not be awarded the contract, worth US\$2 billion over 10 years, unless the relatively modest sum of US\$1 million was paid immediately.

Recently, business activity in the defence sector had been very slow, and ZAFF was about to announce around 600 staff redundancies. Therefore news that this contract was about to be awarded came as a great relief to the board of ZAFF, as the jobs would now be secured. However, only the chief executive officer (CEO) and operations director knew about the facilitation fee, so an emergency meeting of the board was convened with only one item on the agenda. Due to the very sensitive nature of the matter at hand, it was decided not to make a formal record of the discussions at the board meeting. This was more likely to result in a frank exchange of views and encourage all directors to express their opinions openly.

The CEO, Chola Mane, explained the dilemma to the board, making it very clear that without this contract there would be no way to protect jobs. The finance Director, John Ndrama, said that he was personally very uncomfortable with the idea of paying a facilitation fee, which was in effect a "bribe." As a professional accountant he was bound by a code of ethics which strictly prohibited making such payments, therefore, he could not sanction the payment under any circumstances.

The HR Director, Ruth Nchito, took a far more pragmatic stance. She acknowledged that any form of corruption was utterly deplorable; however, it was a fact of life in many countries. She asserted that if the board of ZAFF decided not to make the payment and forego the contract, then it could be assured that a competitor would not adopt such a high-minded position. The net effect was that by avoiding a relatively small payment, the firm would be doing a disservice to both its employees and its shareholders, who would undoubtedly

suffer a reduction in their shareholder value. She maintained that sometimes it is necessary to take difficult decisions in business that are for the greater good, and so suggested that the payment to the official should be made.

Required:

(a) Explain the ethical theories of deontology and teleology or consequentialism, and analyze which of the approaches have been adopted by Ruth Nchito and John Ndrama. (9 marks)

(b)The involvement of directors in bribery and corruption can seriously undermine the relationships of trust upon which corporate governance is based:

(i) Assess how bribery and corruption could undermine confidence and trust in ZAFF, with reference to the principles of corporate governance.

(8 marks)

(ii) Describe best practice measures which could be employed by ZAFF to combat bribery and corruption.

(8 marks)

(Total 25 marks)

Question 5

Generally, organisational justice theory is concerned with employees' perceptions of justice in work-related issues (Greenberg 1990). Greenberg further espoused that the concept of organizational justice is with regard to how an employee judges the behaviour of the organization and the employee's resulting attitude and behaviour.

Bies et al. (1988) study on organisational justice theory places much emphasis on the beliefs that individuals used to guide judgements concerning the fairness of a decision. Therefore, the distinction in any organization is between seeking to redress injustice and striving to attain justice.

Required

Critically analyse the taxonomy of organizational justice theories.

(Total 25marks)

END OF EXAMINATION.

THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
MAY 2019 COHORT FINAL EXAMINATION
ECONOMICS: FIRM AND GLOBAL PERSPECTIVES (GSB 5052)

TIME ALLOWED: THREE (3) HOURS

DATE: 2ND JULY, 2020

INSTRUCTIONS TO THE CANDIDATE

1. *Enter your computer (GSB) number on the answer booklet. Do NOT write your name.*
2. *You must not start writing your answers in the booklet until you are told to do so by the invigilator*
3. *Mark allocations are shown in brackets.*
4. *Attempt all questions*
5. *Candidates should show calculations and well labelled graphs where appropriate*

SECTION A (25 marks)

1. The problem of scarcity in economics:
 - A. exists only in economies which rely on the market mechanism.
 - B. could be eliminated if prices are forced to fall.
 - C. means that there are shortages of some goods.
 - D. exists because there are insufficient resources to satisfy human wants.
2. A student studying a one-year MBA has course fees of K12,000. Were she not studying, she could have had a job paying an aftertax income of K20,000. Irrespective of whether she studies or works the cost of her accommodation is K7,000 and the food bill is K3,000. The opportunity cost of studying for the MBA is:
 - A. K42,000.
 - B. K12,000.
 - C. K32,000.
 - D. K20,000.
3. If the cost of production increases and consumer income rises, the combined effect on the equilibrium price and quantity of an inferior good is:
 - A. indeterminate on quantity but price will fall.
 - B. indeterminate on price but quantity will rise.
 - C. indeterminate on quantity but price will rise.
 - D. indeterminate on price but quantity will fall.
4. Wheat is an essential input in the production of pasta. An increase in the price of wheat would have an impact on the demand and supply of pasta by shifting the:
 - A. demand curve to the left.
 - B. demand curve to the right.
 - C. supply curve to the right.
 - D. supply curve to the left.
5. Which of the following does NOT contribute to economies of scale?
 - A. Spreading of indivisibilities.
 - B. Spreading of overheads.
 - C. Specialisation.
 - D. Dilution of ownership.

6. Assume that a firm has a fixed capital stock and variable units of labour as the only inputs into its production process. If increasing amounts of the variable labour input are added to the fixed factor, then according to the law of diminishing returns which of the following is FALSE?
- A. The average physical product of labour is at a maximum when the marginal physical product of labour is zero.
 - B. The average physical product of labour continues rising as long as the marginal physical product is greater than the average physical product of labour.
 - C. The total physical product of labour is at a maximum when the marginal physical product of labour is zero.
 - D. The marginal physical product of labour reaches a maximum before the total physical product of labour.
7. Which one of the following conditions indicates that a firm is operating in a perfectly competitive industry rather than a monopolistic industry?
- A. Marginal revenue equals average revenue.
 - B. The cost curves of the firm are U-shaped.
 - C. Output of the firm is where marginal revenue equals marginal cost.
 - D. The marginal cost curve cuts the average cost curve at its minimum point.
8. A profit maximising monopoly facing a linear demand schedule and with positive marginal costs will set its price in the region of the demand curve where the absolute price elasticity of demand is:
- A. greater than unity.
 - B. equal to zero.
 - C. between zero and unity.
 - D. unity.
9. In the kinked demand curve theory of oligopoly the:
- A. marginal revenue curve has a vertical section (discontinuity).
 - B. marginal revenue curve and the average revenue curve both have a vertical section (discontinuity).
 - C. average revenue curve has a vertical section (discontinuity).
 - D. marginal cost curve has a vertical section (discontinuity).
10. Which of the following will result in an improvement in the domestic country's terms of trade?
- A. A rise in the average price of exports relative to the average price of imports.

- B. A fall in the quantity of imports relative to the quantity of exports.
 - C. A rise in the quantity of exports while imports remain the same.
 - D. A rise in the average price of imports relative to the average price of exports.
11. A country with a population of 38 million has 32 million in employment and 2 million unemployed. What is the unemployment rate?
- A. 5.3%
 - B. 5.9%
 - C. 5.0%
 - D. 6.3%
12. Which of the following is least likely to lead to an increase in long run economic growth?
- A. An increase in capital investment expenditure.
 - B. An increase in the money supply.
 - C. An increase in education expenditure.
 - D. An increase in research and development expenditure.
13. Which of the following is a potential source of cost push inflation?
- A. A decrease in imported commodity prices.
 - B. A depreciation of the domestic currency.
 - C. An increase in consumer expenditure.
 - D. A decrease in direct taxes.
14. Which of the following does NOT form part of a country's Gross Domestic Product?
- A. Salaries of school teachers.
 - B. Net income from abroad.
 - C. Company profits.
 - D. Investment expenditure.
15. "Crowding out" describes the:
- A. extent to which government contractionary policy is counteracted by lower private spending resulting from lower interest rates.
 - B. extent to which government expansionary policy is counteracted by lower private spending resulting from higher interest rates.
 - C. increase in interest rates caused by contractionary monetary policy.
 - D. increase in consumption expenditure caused by lower taxes.
16. Which of the following might explain why a country's aggregate demand curve might shift inwards to the left?
- A. A decrease in interest rates.

- B. A rise in government expenditure.
 - C. An appreciation of the domestic currency.
 - D. An increase in business confidence.
17. Unanticipated inflation:
- A. increases the opportunity cost of holding money and redistributes wealth from fixed rate borrowers to lenders.
 - B. reduces the opportunity cost of holding money and redistributes wealth from fixed rate borrowers to lenders.
 - C. increases the opportunity cost of holding money and redistributes wealth from fixed rate lenders to borrowers.
 - D. reduces the opportunity cost of holding money and redistributes wealth from fixed rate lenders to borrowers.
18. Which one of the following results in a decrease in total consumer expenditure?
- A. Price elasticity of demand is minus one and price falls.
 - B. Demand is price elastic and price falls.
 - C. Demand is price inelastic and price falls.
 - D. Demand is price inelastic and price rises.
19. If an economy moves from producing 10 units of Good X and 5 units of Good Y to producing 8 units of Good X and 6 units of Good Y, the opportunity cost of the 6th unit of Good Y is:
- A. 1.33 units of Good X.
 - B. 8 units of Good X.
 - C. 2 units of Good X.
 - D. 10 units of Good X.
20. Which one of the following will NOT shift the supply curve for Good X to the right?
- A. An increase in labour productivity in industry X.
 - B. A fall in the price of raw materials used to produce Good X.
 - C. An increase in wages in industry X.
 - D. A government subsidy on the production of Good X.
21. Good X has a price elasticity of demand equal to -1.5 . In such circumstances, a per unit sales tax on Good X of K5 will lead to which of the following?
- A. A rise in the price charged to consumers of more than K7.50.
 - B. A rise in the price charged to consumers of K7.50.
 - C. A rise in the price charged to consumers of between K5 and K7.50.

- D. A rise in the price charged to consumers of less than K5.
22. Good Y has a cross elasticity of demand with respect to Good X calculated using the average method of -1 . Initially 100 units of Good Y are demanded when Good X costs 20 ngwee. A rise in the price of Good X to 25 ngwee will result in a new level of demand for Good Y of:
- A. 125 units.
 - B. 95 units.
 - C. 70 units.
 - D. 80 units.
23. Which one of the following is TRUE?
- A. The long run average total cost curve passes through the minimum point of all the short run average total cost curves.
 - B. The minimum efficient scale is the point at which long run average costs must begin to fall.
 - C. In the long run a firm cannot alter its fixed costs of production.
 - D. If a firm doubles all its inputs and its output rises by 50 per cent then this is indicative of diseconomies of scale.
24. A profit maximising monopoly facing a linear demand schedule and having positive marginal costs will set its price in the region of the demand curve where the absolute price elasticity of demand is:
- A. one.
 - B. equal to zero.
 - C. between zero and one.
 - D. greater than one.
25. Which one of the following statements about market structure is FALSE?
- A. Under perfect competition, in the long run all firms make only normal profits.
 - B. A profit maximising monopoly will equate its marginal costs to its marginal
 - C. Under oligopoly, firms make decisions taking into account the possible reactions of their competitors.
 - D. Firms under monopolistic competition produce homogeneous products. revenue.
26. Which one of the following is NOT a feature of perfect competition?
- A. The average revenue curve is greater than the marginal revenue curve.
 - B. There are no barriers to entry.
 - C. Equilibrium price will be equal to marginal cost.

D. Only normal profits are made in the long run.

27. A managing director of a monopoly firm with constant marginal costs has the following data:

Average revenue = K15

Marginal revenue = K10

Marginal cost = K11

Average variable cost = K11

Average total cost = K13

To maximise profits/minimise losses in the short run the firm should:

- A. increase price and reduce output.
- B. reduce price and reduce output.
- C. increase price and increase output.
- D. close down.

28. If the price of Good X has risen and the quantity sold has increased, then there must have been a:

- A. rightward shift of the demand curve for Good X.
- B. leftward shift of the supply curve for Good X.
- C. rightward shift of the supply curve for Good X.
- D. leftward shift of the demand curve for Good X.

29. To calculate Gross National Income, you need to know all of the following EXCEPT:

- A. capital depreciation.
- B. gross fixed capital formation.
- C. consumption expenditure.
- D. net income from abroad.

30. Which of the following will increase the size of the multiplier?

- A. An increase in the marginal propensity to consume.
- B. An increase in government expenditure.
- C. An increase in the marginal propensity to save.
- D. An increase in income tax rates.

SECTION B (ANSWER ALL QUESTIONS FROM THIS SECTION)

QUESTION ONE

- a) If a country has demand pull inflation, demand management policies can be used to curb this inflation. Suppose you have been hired to provide policy advice to the central bank, explain fully how demand pull inflation can be cured using restrictive monetary policy; (*Hint: clear number each monetary policy intervention before explaining it. Ensure you provide a complete transmission mechanism of each restrictive monetary policy intervention*) [9 marks]
- b) With the aid of the diagram, define and explain the following;
 - i. Producer surplus [2 marks]
 - ii. Consumer surplus [2 marks]
- c) With the aid of a diagram, explain the relationship between Price Elasticity of Demand and Total Revenue [7 marks]

QUESTION TWO

- a) Explain your understanding of economies of scale and reasons as to why a firm can experience economies of scale. [4 marks]
- b) With the aid of a diagram, explain your understanding of the kinked demand curve. [5 marks]
- c) List the three(3) approaches of measuring GDP [3 marks]
- d) Distinguish between GDP and GNP [2 marks]
- e) List the three (3) limitations of the Consumer Price Index (CPI) [3 marks]
- f) What is a Business Cycle and draw a graph for a Business Cycle? [3 marks]

QUESTION THREE

- a) List three (3) business cycle models[3 marks]
- b) List and explain fully the five (5) objectives of a modern Central Bank [5 marks]
- c) Draw a well labelled graph (diagram) for each of the following; (*Hint: do not explain anything*)
 - i. Demand Pull Inflation[2 marks]
 - ii. Cost Push Inflation [2 marks]
 - iii. Deflationary Gap [2 marks]
 - iv. Inflationary Gap [2 marks]
- d) Define the following;
 - i. Comparative Advantage [1 mark]
 - ii. Absolute Advantage [1 mark]
 - iii. Ad Valorem Tariff [1 mark]

iv. Specific Tariff [1 mark]

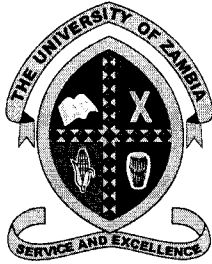
QUESTION FOUR

- a) With the aid of a diagram, show the Costs and Benefits of a Tariff for the importing Country (*Hint: draw well labelled diagram only and do not explain anything but provide a key to show what the various sections represent on your diagram*) [5 marks]
- b) Discuss any five (5) weaknesses of National Income Statistics as a measure of Welfare for a country [5 marks]
- c) Assume a simple closed economy, with an mpc equal to 0.75. The government has passed a balanced budget amendment. The economy goes into a recession, so the government increases government spending by 40 million to try to expand the economy.
 - i. Calculate the change in output (ΔY) from the increase in government spending (ΔG) [1 mark]

The balanced budget amendment requires the government to also raise taxes by 40 million.

- ii. Calculate the change in output (ΔY) from the tax hike [2 marks]
- iii. What is the net effect on output from these two policies? Was there any expansionary effect? [2 marks]

END OF FINAL EXAMINATION



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

Post Graduate Examinations

Friday 3rd July, 2020

**HRM5012 : Organisation Design and Human Resource
Planning**

Instructions Format

1. Time Allowed: 3 hours
2. Answer Four (4) Questions, questions one and two are Compulsory

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A is Compulsory

Question one

Chandler was a business historian who observed that the organisational structures of certain companies were driven by changing demands and pressure of the market place. This saw moves from rigid functional organisational forms to more loosely coupled divisional structures. He was influential in the decentralisation of companies in the 1960s and 1970s. Chandler defined strategy as the determination of long term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out those goals (Crainer and Dearlove 2003). He argued that organizations having identified their strategies could then determine their most appropriate organisational structure in order to achieve this. However, various authors have questioned Chandler's view that structure follows

strategy.

- Support or dispute Chandler's claim. (10 marks)
- To what extent is looking for an ideal organisational structure a waste of time? Is it possible to have several structural designs in an organisation? (10 Marks)

Question 2

- How can you manage deficits of surpluses in your organisation? Why is it easier to manager deficits rather than surpluses? (20marks)
- Demand forecasting is the estimation of an organisations future human resource needs. Peplani Ltd is a is a dress manufacturing company. In Peplani Ltd annual plan the target is 6 million dresses for 2020. To make one dress it takes one worker 5 man hours, each worker has 1500 man hours. Using the work study technique forecast the demand human resource Peplani Ltd. *Show your working.* (6marks)
- Explain the challenges posed on the recruitment and selection process. How can each of them be remedied. (14marks)

SECTION B Pick two (2) question from this section

Question three

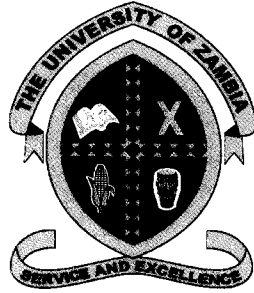
- Discuss the reasons for increased importance for HRP despite the unpredictability of most business environments (12 marks)
- What challenges are managers facing when conducting Human Resource Planning? (8marks)

Question four

- Examine one organizational structure and show how best it can be suited in an organisation (10 marks)
- Look at the firm's business environment, what factors can affect the organizational structure? (10 mark)

Question five

- The success of any organisation lies heavily the quality of people you hire. Discuss (15 marks)
- Explain the validity and reliability of selection test methods (5 marks)



**THE UNIVERSITY OF ZAMBIA
THE GRADUATE SCHOOL OF BUSINESS
POSTGRADUATE FINAL EXAMINATION**

DATE: 2nd July, 2020

HRM 5022: Labour Economics

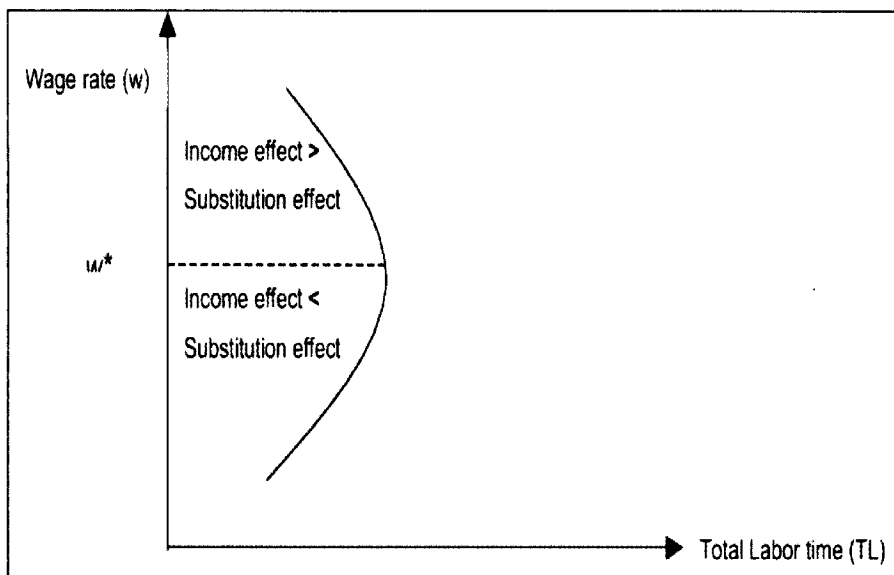
INSTRUCTIONS TO CANDIDATES:

- 1. Answer ALL Questions in Section A and ANY TWO (2) Questions in Section B.**
- 2. DURATION: 3 Hours.**
- 3. ALL Students should have Scientific Calculators.**

SECTION A (Compulsory)

QUESTION ONE (15 Marks)

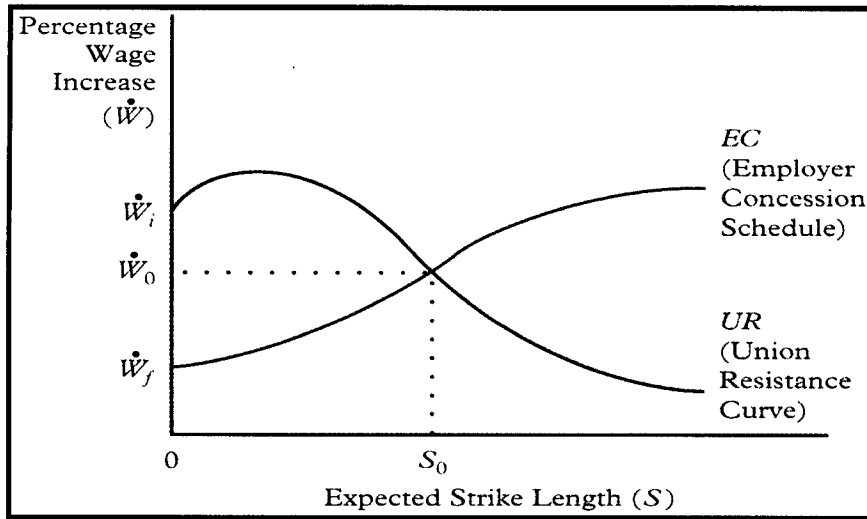
Consider the backward Bending labour supply curve below and answer the questions which follow:



- State and explain the determinants of demand for leisure. (3 marks)
- Explain the difference between Income and Substitution effect (3 marks)
- With reference to the diagram above, explain what happens to labour supply when wages change. (3 marks)
- Explain the difference between the “collective” and “unitary” models of joint labour supply at household level. Which models are most applicable in traditional African societies? (6 marks)

QUESTION TWO (15 marks)

Consider the Simple Model of Strike and Bargaining and answer the questions which follow:



- (a) Explain the logic behind the shape of the Employer concession schedule as expected strike length increases. (3 marks)
- (b) Explain the logic behind the shape of the union resistance curve as expected strike length increases. (3 marks)
- (c) State and explain the three (3) important implications of this strike model. (9 marks)

SECTION B (Choose any Two (2) Questions)

QUESTION THREE (15 Marks)

- (a) Given that the demand is $P = 40 - 0.25Q$, Marginal cost is constant at **K10** and the Real wage is **K40**, answer the following:
- I. Calculate the optimal level of output for the firm, assuming it's a monopoly. (2 marks)
 - II. Calculate the optimal level of output assuming the firm is perfectly competitive. (2 marks)
 - III. Given that the Marginal product of labour is **45**, would you advise the firm in (b) to increase employment? (2 marks)
- (b) Write Brief notes on the following.
- I. Marginal Expense of Labour (2 marks)
 - II. Friction on the supply side (2 marks)
 - III. Hicks-Marshall Laws of Derived Demand (5 marks)

QUESTION FOUR (15 Marks)

(a) State whether the following are **TRUE** or **FALSE**, Answers with not corresponding Justification will not rewarded. (5 marks)

- I. A cross-wage elasticity of -2.0 indicates that the two categories of labour are gross complements.
- II. If the wage reduces by 5% but the labour demand increases by 3%, labour demand elasticity is inelastic.
- III. A perfectly elastic labour demand elasticity occurs when a very large change in the wage induces no change in the labour demand.
- IV. Due to the denominator effect, labour demand elasticity is lower when the wage is high.
- V. If the labour demand elasticity is -0.3 and the wage increases by 10%, demand will reduce by not more than 4%.

(b) Complete the table below by calculating and interpreting labor demand elasticity. (10 marks)

	Wage Change	Employment Change	Elasticity	Interpretation
I.	Example: 20% increase	10% reduction		
II.	Increase from K5 to K8	Reduction by 10%		
III.		10% increase	-1.5	
IV.	Reduction from K35 by K25	Increase from 100 workers to 120 workers		
V.	Wage for Nurses increases by 4%	Doctor employment increases by 2%.		

QUESTION FIVE (15 Marks)

Mrs. Phiri has been offered a new job at ZANACO Bank Zambia LTD to manage their business research department. The following are some of the contract terms of her new offer:

Wage rate of K 700 per day in the office

Wage rate of K 650 per day outside work on research assignment.

Health insurance valued at K 2000 per month

Housing allowance of K 4000 per month

Fuel allowance of K 3000 per month

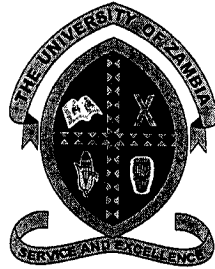
4 vacation days per month valued at the office wage rate

There are no retirement benefit and no gratuity payments

There are no unearned payments.

- (a) Given that she will have 14 office days and 8 days on research assignment on average per month, calculate her Wage Earnings. (2 marks)
- (b) Taking into account that she will have other allowances, calculate her Total Monthly Earnings. (3 marks)
- (c) What will be the Value of her Employee benefits? (3 marks)
- (d) Find her Total compensation for the Month. (2 marks)
- (e) Calculate her income after tax given 30 percent income tax. (2 marks)
- (f) Based on your answer in (e) above, do you think it is rational for her to leave are current job paying K 30,500 as income after tax in order to take up the new job? Please Explain. (3 marks)

END OF EXAMINATON



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

Postgraduate Sessional Examination

Wednesday 1st July 2020

HRM 5032: ORGANIZATIONAL BEHAVIOR AND LEADERSHIP

Instructions

Time Allowed: **3 hours**

There **seven (7)** questions in this paper

You are required to answer **five (5)** questions

Section A is **compulsory**

Any three questions from Section B

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Section A: Read the scenario below and answer the questions that follow

Virtual Organisation

The concept of a virtual organisation was first introduced by Mowshowitz in 1986 and has become increasingly important in management theory.

It is widely alleged that the business organisation of the future will be virtual. But precise definitions of what it means to be a virtual organisation are hard to find. The origin of the phrase, though, is clear. It comes from the expression “virtual reality”, an experience in which electronically created sounds and images are made to resemble reality. A virtual company resembles a normal traditional company in its inputs and its outputs. It differs in the way in which it adds value during the journey in between.

Linked to the idea of the virtual organisation is the idea of the virtual office, a place where space is not allocated uniquely to individual employees. People work as and when they need to, wherever space is available. This practice is commonly referred to as hot-desking. The virtual office has the advantage of providing a different vista every day. But it makes it difficult to form close relationships with colleagues.

Question One (compulsory)

- (a) In your view, what will be the definable characteristics that will ensure the success or failure of a virtual organisation? [10 marks]
 - (b) What are the advantages and disadvantages of virtual organisations [10 marks]
- (20 marks)

Question Two (compulsory)

Perception is a cognitive process by which individuals organise, interpret and understand sensory impressions from their environment.

- (a) Explain three (3) factors that influence the perceptual process, giving practical examples. [6 marks]
 - (b) Describe the two (2) general types of attribution that people make about themselves and others’ behavior. Give workplace examples in your answer. [10 marks]
 - (c) Outline any four (4) social perceptual errors often made in the workplace. [4 marks]
- (20 marks)

Total: 40 marks

Section B: Answer Any Three (3) Questions

Question Three

Personality is the sum total of the ways in which an individual reacts to and interacts with others.

"those relatively stable and enduring aspects of an individual that distinguish him/her from other people and at the same time, form the basis for our predictions concerning his/her behaviour" (Wright et al., 1970)

Understanding personalities is a vital part of being a manager. People are different and that's a fact and to better understand how to interact and engage with them it is important to understand what type of personality you're dealing with. Having an understanding of personality and learning styles of individuals in your organization can generate a productive pleasant place to work

- a) List and explain any four (4) factors that influence the shaping of personality.

[8 marks]

- b) Describe the stages of Personality Development according to Freudian and explain how they relate to the study of individual behavior.

[12 marks]

Total: 20 marks

Question Four

Change can be seen as an opportunity to identify good ideas, however, individuals and organisations still resist change.

- a) Explain any four (4) reasons why individuals and organisations resist change. [4 marks]
b) Identify and explain any four (4) ways through which organizations can manage change. [8 marks]
c) Explain how change or proposed can cause stress in employees. Please use practical examples. [8 marks]

Total: 20 marks

Question Five

- (a) One of the roles of managers in any institution is to ensure that they keep a motivated staff. Debate critically the validity of the contention that the motivation for staff to work well depends on more than a high salary and good working conditions [12 marks]
(b) Victor Vroom defines motivation as a process that governs our choices among alternative forms of voluntary behaviour. Explain in detail according Vroom the key expectancy theory variables. [8 marks]

Total: 20 marks

Question Six

“A pattern of basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.” Edgar Schein, 1992

- a) What four (4) factors are essential to the creation of organisational culture? [8 marks]
- b) Explain in detail the four classifications of culture. [12 marks]

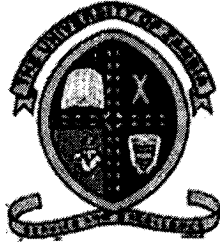
Total: 20 marks

Question Seven

- a) Distinguish between Transactional and Transformational Leadership. (4 marks)
- b) Outline any eight (8) traits that are associated with great leaders. (4 marks)
- c) Describe the three (3) situational leadership styles that that you can use as a leader. Indicate when each is appropriate. (12 marks)

Total: 20 marks

End of exam!



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
HRM 5032: ORGANISATIONAL BEHAVIOUR AND LEADERSHIP
2019/20 ACADEMIC YEAR – FINAL EXAMINATIONS**

TIME: THREE (3) HOURS

INSTRUCTIONS:

- a) Answer any THREE (3) from the nine (9) questions given.
 - b) You are required to read all the questions before selecting the three (3) that you wish to attempt.
 - c) Each question carries 20 marks.
 - d) There is one (1) printed page in this examination.
-

1. According to Mintzberg (1972), Organisational structure is the framework of the relations on jobs, systems, operating process, people and groups making efforts to achieve the goals. Illustrate and discuss the organisational structure of either a fictional or real organisation of your choice.
2. With illustrations and write brief notes on the four (4) types of organisational structure.
3. Trace the historical development of behavioural science and show how it helps us to understand the human condition in an organisation.
4. Discuss at least two models of decision-making and show how decision environments may affect the decision-making processes of an organisation.
5. Critically discuss the pillars of motivation and show how human performance is affected by motivation.
6. Identify and discuss the fundamental concepts of the systems and the contingency/situational approaches to management in an organisation.
7. Using practical examples from any organisation, with practical examples, discuss the stages/phases of group development in group dynamics.
8. Discuss the characteristics and benefits of informal groups show how such groups can help management in implementing decisions made.
9. Using practical examples, discuss how do intuition, judgement, and creativity affect decision-making?

END OF EXAMINATION



UNIVERSITY OF ZAMBIA

HRM 6031 FINAL EXAM; 2ND JUNE 2020: *LEARNING AND DEVELOPMENT*

NOV 2018/ MAY 2019 COHORTS

DURATION- THREE HOURS

INSTRUCTIONS;

Answer the compulsory question 1 and 2 others from the list given below.

1. Discuss the importance of measuring the Return on Investment (ROI) of training in an organization (5marks)
 - b. Explain how you can isolate the effect/impact of training using; (a) **A Control group** (b) **Trend lines**. Show examples where necessary (5marks)
 - c. Discuss briefly what you may consider as constituting the cost of a training program (5 marks).
 - d. Given that the training program cost was **K120,000** for 30 participants and the benefits of the training in the first year was **K350,000** calculate the **ROI** of this training program (5 marks)
2. Discuss the importance of Succession planning in organizations and show how Training and Development contributes to an effective organization's succession planning and Talent management program (20 marks).
3. Explain how you can assess Learning or training Needs at the following levels;
 - Organization,
 - Groups/departmental
 - Individuals(10 marks)

b. Why is it important to carry out Annual Learning needs Analysis for organizations and show how this process is complimented by an effective Performance Management systems? (10 marks)

- 4 Training and Staff Development can both be used as an effective Human Resource Strategy to achieve organizations' objectives, yet the two concepts are different. Identify and explain the relevance of three examples of; (a) training methods and (b) staff development methods that you can use to improve employee skills and behaviors (20 marks).

- 5 Your CEO has challenged you to use the Learning and Development function to align HRM as a contributor to the organizations' strategic goals. Give an analysis of how you can present this matter to convince your CEO not to cut your Training and Development budget. (20 Marks).

END.....

**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

HRM 6031

MANAGING DIVERSITY AND EQUALITY

TUESDAY 30TH JUNE, 2020

TIME: 3 HOURS

INSTRUCTIONS: ANSWER TWO QUESTIONS FROM EACH SECTION

SECTION A

QUESTION ONE (COMPULSORY)

The idea that pedagogy should be judged according to race is absurd on its face but the fact that supervisors see their relationship with their subordinates in these terms is indeed a critical hindrance to a developing countries socio- economic development. Assess this preposition in contemporary Zambian society using your knowledge of diversity management strategies.

QUESTION TWO.

Making reference to theory and evidence discuss the key factors that explain men's greater likelihood of experiencing career progression regardless of the gender composition of an organisations workforce.

QUESTION THREE.

Using various practical examples of workforce conflict management and dispute resolution evaluate to what extent contemporary evidence on the origins of personality differences support Galton's idea of the Lexical Hypothesis.

SECTION B

QUESTION ONE

Diversity is based on the assumption that a set of characteristics makes up the essential nature of all members of a group therefore discrimination on grounds of age is bad for business. Explain and critically evaluate this statement with reference to theory and evidence.

QUESTION TWO.

Compare and contrast any two(2) management strategies a manager can effectively use to prevent industrial conflict.

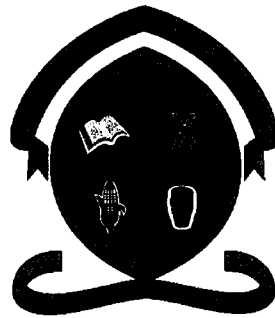
QUESTION THREE.

Human Resource managers in contemporary Zambian society constantly have to bridge the yawning chasm created by Gender inequalities in traditional societies constantly at play in today's workplace environment.

- a) Critically analyse the various strategies HR practitioners can institutionalise to overcome the **"Queen Bee Syndrome"**(15marks)
- b) Explain the various strategies HR practitioners can institutionalise to overcome '**Glass Ceiling**'.(10 marks)

END OF EXAMS

GOODLUCK



UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

MAF 5010

Financial Reporting and Analysis Course

Session Examination

FRIDAY 3RD JULY 2020

14.00 to 17.00 hours.

Answer all questions

QUESTION NUMBER 1 – 25 Marks

1. Financial Statements

The following summarized trial balance has been extracted from the books of accounts for Kabisha and Ndibu Rivers Company Limited (KNRC).

	K'000	K'000
Retail Sales		27,300
Cost of Retail Sales	16,250	
Administration Expenses	250	
Distribution costs	2,500	
Trade receivables	800	
Interest paid	350	
Income tax under-provided for year to 31 st March 2018	30	
Non- Current assets-cost or valuation	27,000	
Non-Current assets-depreciation		4,200
Revaluation reserve		8,000
Inventory at 31 st March 2019	850	
Bank	100	
Trade payables		1,800
Long term loans		2,300
Share capital		4,000
Retained earnings		1,130
Dividends paid	600	
Total	48,730	48,730

Notes

- (i) The company revalued its land during the year. This was the first time that such a revaluation had taken place. The land had

cost K9 million and had not been depreciated. The valuation was conducted by Valier and Co, a firm of chartered surveyors.

- (ii) Depreciation of K3.7 million has been charged during the year and is included under the appropriate cost headings on the trial balance.
- (iii) The directors paid a dividend of K600,000 during the year ended 31st March, 2019.
- (iv) Taxation for the year has been estimated at K2.1 Million

You are required to;

- (a) Prepare the Statement of comprehensive income and loss for the year ended 31st March, 2019. (4 marks).
- (b) Prepare the Statement of changes in equity for the year ended 31st March 2019. (4 marks).
- (c) Prepare the Balance sheet statement as at 31st March, 2019. Notes to the financial statements are not required. (5 marks).
- (d) Evaluate the significance of the above statement of comprehensive income and loss when making credit decisions. (3 Marks)
- (e) Comment on the significance of cash flow statement when making credit decisions. (3 Marks)
- (f) Outline three earnings management strategies that can be used to improve the appearance of KNRC Limited results. (3 marks)
- (g) Explain the relevance of the independent audit report on your published financial statement above. (3 marks)

QUESTION NUMBER 2 – 20 Marks

In the midst of the Corona virus pandemic, the Ministry of Health entered into a five year lease of an empty building which they want to use as a admission centre. The empty building has a 10 year useful life remaining. It is agreed that lease shall be K50,000 per annum, payable at the beginning of each year. The Ministry of Health incurs initial direct costs of K20,000 and receives lease incentives of K5,000. It is agreed that there will be no transfer of the asset at the end of the lease and no purchase option. The interest rate implicit in the lease is not immediately determined but the lessee's incremental borrowing rate is 5 percent. On 1 January 2019, the Ministry of Health pays the initial K50,000, incurs the direct costs and receives the the lease incentives.

- (a) Calculate the lease liability. (2 Marks)
- (b) Calculate the right of use asset and explain the concept of the right-of-use asset. (2 Marks)
- (c) Record the transactions in the financial statements showing which account should be debited and which account should credited. (3 Marks)
- (d) Compute the value of lease liability at the end of year one. (2 Marks)
- (e) Suppose the lease payments were made in arrears, what would the computation value of the lease liability and; (2 Marks)
- (f) Compute the Right-of-use asset and; (2 Marks)
- (g) Record the transactions in the financial statements showing which account should be debited and credited and; (3 Marks)
- (h) Compute the value of lease liability at the end of year one and ; (2 Marks)

- (i) Ascertain the split between non - current and current liabilities. (4 Marks)
- (j) Explain how you would use the concept of cross sectional credit analysis and time credit analysis to financial situations including leases. (3 Marks)

QUESTION NUMBER 4 – 20 Marks

Barclays Bank PLC has heard that you are pursuing the Masters of Business Administration (MBA) Degree at the University of Zambia and that you are studying financial reporting as one of your key courses. The Bank has since informed you that they acquired a cheque trucking machine costing K1,200,000 at the beginning of the 2002 financial year and that the useful life of the cheque trucking machine is ten (10) years. They have also informed you that the bank policy is to charge depreciation based on the straight line method and which is at 10%. At the end of 2003 financial year the recoverable amount was estimated to be at K1,000,000 and causing an impairment loss. Again, after four (4) financial years of acquisition of the machine the recoverable amount was estimated as K944,000. They have now approached you and asked you to;

- (a) Explain to the Bank, your understanding of impairment and the extent to which it applies to intangible, tangible and financial assets. (6 Marks).
- (b) Name four examples of assets that are not subject to the requirements of asset impairment. (2 Marks).
- (c) Explain to them how the bank should go about recognizing an impairment loss and compute the loss if any. (2 Marks).
- (d) Compute for the bank the annual depreciation of the cheque trucking machine from year one to year four. (2 Marks).
- (e) Compute the amount of reversal of an impairment loss on the cheque trucking machine in year two and year four if any. (3 Marks)
- (f) Explain the concept of the limit of impairment reversal and compute the value of the reversal if any. (3 Marks)

- (e) Explain the implication of changes in accounting regulations surrounding impairment to Barclays Bank. (2 Marks).
- (g) After year 4 advice the bank how they should treat the impairment loss suffered in year two if any. (2 Marks).
- (h) Advice the bank the journal entries that should be passed to the Asset account and the cost of sales account after year four. (3 Marks).

QUESTION NUMBER 5 – 20 Marks

The Income statement for the year ended 31st December 2019 for Chibombo Limited is presented below.

Income statements for the year ended 31st December 2019

	Chibombo Limited
	K'000
Profit before interest and tax	250
Interest	(25)
Preference dividend	(30)
Profit before tax	195
Taxation	(125)
Profit after tax	70
Ordinary dividend	40

Additional information

- (i) Chibombo Limited had issued 1,000,000 ordinary shares and 300,000 shares.
- (ii) The market price of Chibombo's ordinary shares as at 31st December 2019 was 80 cents a share.

You are required to:

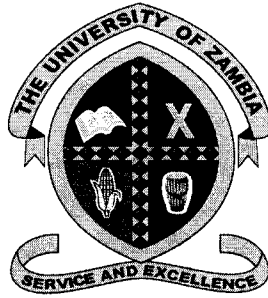
6 (a) Calculate the following ratios for Chibombo Limited

- (i) Earnings per share
- (ii) Dividend cover
- (iii) PE ratio
- (iv) Dividend yield

(v) Interest Cover

(10 Marks)

- (b) Explain some of the limitation of ratio analysis when used to interpret the published financial statements. (5 Marks)
- (c) Comment on the performance of the company as indicated by the ratios you have calculated in part (a) above. (5 Marks)
- (d) Advise the Workers Union of Chibombo Limited five key indicators of customer solvency which can be identified from the above published financial statements. (5 Marks)



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

MSc ACCOUNTING AND FINANCE

NOVEMBER 2018 COHORT BLENDED/EVENING

SUPPLEMENTARY/DEFERRED EXAMINATION

DATE: 6TH FEBRUARY, 2020

MAF 5022: STRATEGIC MANAGEMENT ACCOUNTING

EXAM TIME: 09:00 HOURS

DURATION: THREE (3) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of Five (5) Questions. Answer ANY FOUR (4)**
- 2. Marks Allocation Indicates the Depth of the Answer Expected.**

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION ONE

Sales of product B over the seven year period from 2011 to 2017 were as follows.

Year	2011	2012	2013	2014	2015	2016	2017
Sales of B ('000 units)	22	25	24	26	29	28	30

Required

- A. Calculate the coefficient of correlation and comment on the observed data. (10 Marks)
B. Calculate the trend line of sales, and forecast sales in 2018 and 2019. (15 Marks)

QUESTION TWO

Tubile Ltd is a company engaged solely in the manufacture of sweaters, which are bought mainly for sporting activities. Present sales are direct to retailers, but in recent years there has been a steady decline in output because of increased foreign competition. In the last trading year (2018) the accounting report indicated that the company produced the lowest profit in 10 years. The forecast in 2019 indicates that the present deterioration in profit is likely to continue. The company considers that a profit of K800,000 should be achieved to provide an adequate return on capital. The managing director has asked that a review be made of the present pricing and marketing policies. The marketing director has completed this review, and passes the proposals on to you for evaluation and recommendation, together with the income statement for the year ending 31 December 2018.

Tubile Ltd income statement for year ending 31 December 2011

	K	K	K
<i>Sales revenue</i>			
(100,000 sweaters @ K100)			10,000,000
<i>Factory cost of goods sold:</i>			
Direct materials	1,000,000		
Direct labour	3,500,000		
Variable factory overheads	600,000		
Fixed factory overheads	<u>2,200,000</u>	7,300,000	
<i>Administration overhead</i>		1,400,000	
<i>Selling and distribution:</i>			
Overhead:			
Sales commission (2% of sales)	200,000		
Delivery costs (variable per unit sold)	500,000		
Fixed costs	<u>400,000</u>	<u>1,100,000</u>	<u>9,800,000</u>
<i>Profit</i>			<u>200,000</u>

The information to be submitted to the managing director includes the following two proposals:

- (i) To proceed on the basis of analyses of market research studies which indicate that the demand for the sweaters is such that a 10 per cent reduction on selling price would increase demand by 40 per cent.
- (ii) To proceed on the basis of a view by the marketing director that a 10 per cent price reduction, together with a national advertising campaign costing K300,000 may increase sales to the maximum capacity of 160 000 sweaters.

Required

- A. The calculation of break-even sales value based on the 2018 accounts. **(7 Marks)**
- B. Calculate the contribution per unit of proposal (i) and the number of units Tubile Ltd would require to sell at K90 each to earn the target profit of K800,000. **(8 Marks)**
- C. A profit statement for proposal (ii) using contribution amount in B. **(10 Marks)**

QUESTION THREE

You are presented with the following budgeted cash flow data for your organisation for the period May 2019 to December 2019. It has been extracted from functional budgets that have already been prepared.

	Sales	Purchase	Wages	Overheads	Dividends	Capital Expenditure
	K	K	K	K	K	K
May 2019	80,000	40,000	10,000	10,000		
Jun 2019	100,000	60,000	12,000	10,000	20,000	
Jul 2019	110,000	80,000	16,000	15,000		30,000
Aug 2019	130,000	90,000	20,000	15,000		
Sep 2019	140,000	110,000	24,000	15,000		
Oct 2019	150,000	130,000	28,000	20,000		40,000
Nov 2019	160,000	140,000	32,000	20,000		
Dec 2019	180,000	150,000	36,000	20,000	40,000	

You are told the following.

- (a) Sales are 40% cash and 60% credit. Credit sales are paid two months after the month of sales.
- (b) Purchases are paid the month following purchase

- (c) 75% of wages are paid in the current month and 25% the following month.
- (d) Overheads are paid the month after they are incurred.
- (e) Dividends are paid three months after they are declared.
- (f) Capital expenditure is paid two months after it is incurred.
- (g) The opening cash balance is K15,000.

Required

Prepare a cash budget for the six-month period July to December 2019. **(25 Marks)**

QUESTION FOUR

Competitive analysis in strategic management is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context to identify opportunities and threats. Profiling combines all of the relevant sources of competitor analysis into one framework in the support of efficient and effective strategy formulation, implementation, monitoring and adjustment.

Competitor analysis is an essential component of corporate strategy. It is argued that most firms do not conduct this type of analysis systematically enough. As a result, traditional environmental scanning methods commonly used places many firms at risk of dangerous competitive blind spots due to a lack of robust competitor analysis.

Required

In the context of strategic management accounting;

- A. Explain The strategic rationale of competitor profiling and three main objectives **(10 Marks)**
- B. Discuss six main factors considered when carrying out competitor profiling **(15 Marks)**

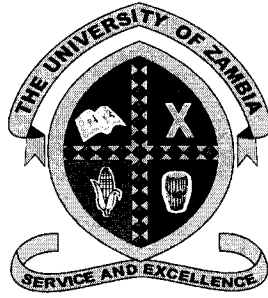
QUESTION FIVE

It has been stated that companies do not have profitable products, only profitable customers. Many companies have placed emphasis on the Concept of Customer Profitability (CAP) analysis in order to increase their earnings and returns on shareholders. Much of the theory of CAP draws from the view that the main strategic thrust operated by many companies is to encourage the development and sale of new products to existing customers.

Required

- A. Explain the concept of CAP analysis **(10 Marks)**
- B. Critically appraise the value of CAP analysis as a means of increasing earnings per share and returns to shareholders. **(15 Marks)**

END OF EXAMINATION



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

MSc ACCOUNTING AND FINANCE

MAY 2019 COHORT BLENDED/EVENING

SESSIONAL EXAMINATION

DATE: TUESDAY 30TH JUNE 2020

MAF 5022: STRATEGIC MANAGEMENT ACCOUNTING

EXAM TIME: 09:00 HOURS

VENUE: SPORTS HALL

DURATION: THREE (3) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of Six (6) Questions Comprising Sections A and B.**
- 2. Answer a Total of FOUR (4) Questions.**
- 3. Section A is *COMPULSORY*. From Section B Answer *ANY TWO (2)* Questions.**
- 4. Marks Allocation Indicates the Depth of the Answer Expected.**

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A – COMPULSORY

QUESTION ONE

Mwango Mulima is the advertising manager for Makwebo Nsapato Limited. She is currently working on a major promotional campaign. Her ideas include the installation of a new lighting system and increased display space that will add K24,000 in fixed costs to the K270,000 in fixed costs currently spent. In addition, Mwango is proposing a 5% price decrease on the K40 that will produce a 20% increase in sales volume of 20,000. Variable costs will remain at K24 per pair of shoes. Management is impressed with Mwango ideas but concerned about the effects these changes will have on the break-even point and the margin of safety.

Required

- A. Computation of the current break-even point in units, and compare it to the break-even point in units if Mwango's ideas are used. **(6 Marks)**
- B. Compute the margin of safety ratio for current operations and after Mwango's changes are introduced (round to nearest full percent). **(6 Marks)**
- C. Prepare a CVP (Cost-Volume-Profit) income statement for current operations and after Mwango's changes are introduced. **(7 Marks)**
- D. Explain whether Mwango's changes should be adopted or not using the above information calculated data (A, B and C above) to support your suggestion. **(6 Marks)**

QUESTION TWO

Kulangwa Ltd is a copperbelt based company specialised in communication technology. The company's major clientele are the two mining giants Konkola Copper Mines Plc and Mopani Copper Mines Plc. There is great uncertainty for the company regarding their business prospects with respect to the prospecting sales tax and the recent happening at Konkola Copper Mines Plc which has been placed under provisional liquidation. Further, the company is facing eminent obsolescence of its technology due to major ground breaking innovations in the ITC world. The Mopani Copper Mines Plc is also planning to effect huge budget cuts in the wake of the above mentioned happenings.

As a strategic management accounting Consultant, you have been approach by Kulangwa Ltd for professional advice on how the company can navigate the current turbulences.

Required

Provide a strategic management survival business plan report in the context of management accounting following your extensive and thorough review of the situation. In your report briefly apply the concepts of Product Life Cycle, Financial Risks and Financial Control, Diversification and Boston Matrix. **(25 Marks)**

SECTION B

QUESTION THREE

Shaft Mining Ltd is a mining contractor with ten autonomous divisions operating in various copper mines in Copperbelt and North-Western provinces of Zambia. The cost of capital for the group is 12% per annum and is currently earning 15% on its capital employed.

In the ROCE calculation, return is equated with net profit and capital employed figure at the beginning of the financial year. All fixed assets are depreciated on a straight-line basis. Investments in new projects include incremental working capital. Projects sold or withdrawn from operation are treated as consisting of fixed assets only.

If no new expenditure transactions take place the position of four of the divisions would be:

<i>Division</i>	<i>Capital employed as at 1 January 2019</i>	<i>Net profit</i>	<i>Budgeted for 2019 Sales</i>
	K'000	K'000	K'000
Kitwe	3,200	800	8,000
Solwezi	4,500	1,500	14,000
Chingola	2,800	840	7,000
Mufulira	2,000	260	2,000

The following transactions were proposed:

Kitwe Division investment of K1,000,000 to yield sales of K1,500,000 per annum and net profit of K200,000 per annum.

Solwezi Division sale for K750,000 of a projected that is budgeted to yield a net profit of K150,000 in 2019. The original equipment cost K6,000,000 seven years ago with an expected life of eight years.

Chingola Division (a) sale of product line at book value. The original equipment cost K600,000 two years ago with an expected life of three year. This line is budgeted to yield a net of K200,000 in 2019; combined with
(b) replacement of (a) above by investing K1,000,000 in a new product to yield K300,000 per annum.

Mufulira Division investment of K800,000 in a project to yield sales of K360,000 per annum and a net profit of K112,000 per annum.

(Note. In connection with each of the above transactions, you are to assume that the sale and/or investment would be completed by 1 January 2019 so as to be included in the relevant ROCE calculations for the year 2019. Ignore taxation and inflation considerations and assume that actual results are as budgeted.)

Assume that each transaction goes ahead.

Required

- A. Calculate the new ROCE for each division for the year ending 31 December 2019. (8 Marks)
- B. Identify those divisional managers whose bonuses will be higher if they receive annual bonuses directly related to the level of their respective ROCE. (2 Marks)
- C. State, in respect of each division, whether the group's interest will be favourably or adversely affected by the proposed transactions. Explain briefly why in each case. (4 Marks)
- D. With the help of calculations, identify with brief reasons, which proposals the group would approve if its new capital expenditure were limited to K2,000,000 for the four divisions. (7 Marks)
- E. Calculate the lowest price at which the equipment should be sold by Solwezi Division if the transaction proposed is to break even financially for the group. (4 Marks)

QUESTION FOUR

Competitive analysis in strategic management is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context to identify opportunities and threats. Profiling combines all of the relevant sources of competitor analysis into one framework in the support of efficient and effective strategy formulation, implementation, monitoring and adjustment.

Competitor analysis is an essential component of corporate strategy. It is argued that most firms do not conduct this type of analysis systematically enough. As a result, traditional environmental scanning methods commonly used places many firms at risk of dangerous competitive blind spots due to a lack of robust competitor analysis.

Required

In the context of strategic management accounting;

- A. Explain the strategic rationale of competitor profiling and state three main objectives. (7 Marks)
- B. Discuss six main factors to consider when carrying out competitor profiling. (18 Marks)

QUESTION FIVE

- A. You are the Business Analyst for Top Brass Energy Drink Ltd. The company has been in existence for seven (7) year now producing the Top Brass Energy Drink which has been a success story and currently one of the leading brands on the Zambian energy drinks market. The company is considering developing an extension product to its core business

to be known as Slim Fit Drink, a solution to obesity. The Chief Executive Officer has instructed you to collaborate with consultants and carry out an external analysis of business prospects for the new product in the two regions of Lusaka and Copperbelt as the first target markets. You have a number of tools at your disposal that you are contemplating using to carry out the market analysis and among them is Porter's Five Forces.

Required

Describe the Porter's Five Forces as an analytical tool and explain the relevance of each of the specific areas you wish to consider in the development of the new product.

(15 Marks)

- B. Activity-based management (ABM) is a system-wide, integrated approach that focuses management's attention on activities with the objectives of improving customer value and the profit achieved by providing this value. ABC is the major source of information for activity-based management. Thus, the activity-based management model has two dimensions, cost dimension and process dimension.

Required

Briefly compare and contrast the two dimensions and highlight the kind of information they provide, how they work and their areas of application.

(10 Marks)

QUESTION SIX

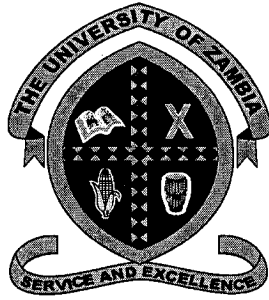
Sales of product B over the seven year period from 2013 to 2019 were as follows.

<i>Year</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
<i>Sales of B ('000 units)</i>	22	25	24	26	29	28	30

Required

- A. Calculate the coefficient of correlation and comment on the observed data. **(10 Marks)**
B. Calculate the trend line of sales, and forecast sales in 2018 and 2019. **(15 Marks)**

END OF EXAMINATION



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

MSc ACCOUNTING AND FINANCE

NOVEMBER 2018 COHORT BLENDED/EVENING

SESSIONAL EXAMINATION

DATE: 20TH SEPTEMBER, 2019

MAF 5022: STRATEGIC MANAGEMENT ACCOUNTING

EXAM TIME: 14:00 HOURS

DURATION: THREE (3) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of Five (5) Questions. *Question ONE is COMPULSORY***
 - 2. Answer a Total of FOUR (4) Questions.**
 - 3. Marks Allocation Indicates the Depth of the Answer Expected.**
-

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION ONE

Mr Zoo is planning to set up a mini Zoo in Chilanga.

The following relates to different pricing plans of visiting the zoo and costs of running the zoo.

Pricing Plan 1 - K30 per person (a special pack will be included)

Pricing Plan 2 - K25 per visitor (the special pack not to be included)

Variable Costs per visitor

Special Pack - K8

Zoo Consumables - K7

Zoo Expenses - K2

Total Fixed Costs - K200,000

Required

Study the information above then answer the following questions.

- A. Using the CVP formula, calculate the number of units (and its kwacha amount) for achieving
- a. Breakeven (4 Marks)
 - b. A profit of K30,000 for both plans. (4 Marks)
- B. Calculate the Contribution Margin ratio for both plans. (4 Marks)
- C. Describe the meaning of Contribution Margin ratio relation to Zoo business. (3 Marks)
- D. Explain the relationship between Contribution Margin ratio and Number of Breakeven units in relation to the Zoo business. (3 Marks)
- E. Explain why it is important to calculate Margin of Safety for Zoo business. (3 Marks)
- F. State and explain two examples of fixed cost in relation to the zoo. (2 Marks)
- G. Explain the concept of Relevant Range in relation to the Zoo. (2 Marks)

QUESTION TWO

- A. You are the Business Analyst for Top Brass Energy Drink Ltd. The company has been in existence for seven (7) year now producing the Top Brass Energy Drink which has been a success story and currently one of the leading brands on the Zambian energy drinks market. The company is considering developing an extension product to its core business

to be known as Slim Fit Drink, a solution to obesity. The Chief Executive Officer has instructed you to collaborate with consultants and carry out an external analysis of business prospects for the new product in the two regions of Lusaka and Copperbelt as the first target markets. You have a number of tools at your disposal that you are contemplating using to carry out the market analysis and among them is Porter's Five Forces.

Required

Describe the Porter's Five Forces as an analytical tool and explain the relevance of each of the specific areas you wish to consider in the development of the new product.

(15 Marks)

- B. Activity-based management (ABM) is a system-wide, integrated approach that focuses management's attention on activities with the objectives of improving customer value and the profit achieved by providing this value. ABC is the major source of information for activity-based management. Thus, the activity-based management model has two dimensions, cost dimension and process dimension.

Required

Briefly compare and contrast the two dimensions and highlight the kind of information they provide, how they work and their areas of application.

(10 Marks)

QUESTION THREE

Competitive analysis in strategic management is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context to identify opportunities and threats. Profiling combines all of the relevant sources of competitor analysis into one framework in the support of efficient and effective strategy formulation, implementation, monitoring and adjustment.

Competitor analysis is an essential component of corporate strategy. It is argued that most firms do not conduct this type of analysis systematically enough. As a result, traditional environmental scanning methods commonly used places many firms at risk of dangerous competitive blind spots due to a lack of robust competitor analysis.

Required

In the context of strategic management accounting;

- A. Explain the strategic rationale of competitor profiling and state three main objectives. **(7 Marks)**
- B. Discuss six main factors considered when carrying out competitor profiling. **(18 Marks)**

QUESTION FOUR

A company has been making a machine to order for a customer, but the customer has since gone into liquidation, and there is no prospect that any money will be obtained from the winding up of the company. Costs incurred to date in manufacturing the machine are K50,000 and progress payments of K15,000 had been received from the customer prior to the liquidation. The sales department has found another company willing to buy the machine for K34,000 once it has been completed. To complete the work, the following costs would be incurred.

- (i) Materials: these have been bought at a cost of K6,000. They have no other use, and if the machine is not finished, they would be sold for scrap for K2,000.
- (ii) Further labour costs would be K8,000. Labour is in short supply, and if the machine is not finished, the work force would be switched to another job, which would earn K30,000 in revenue, and incur direct costs of K12,000 and absorbed (fixed) overhead of K8,000.
- (iii) Consultancy fees K4,000. If the work is not completed, the consultant's contract would be cancelled at a cost of K1,500.
- (iv) General overheads of K8,000 would be added to the cost of the additional work.

Required

With the help a relevant cost summary, assess whether the new customers offer should be accepted. (25 Marks)

QUESTION FIVE

Discuss each of the following transfer pricing methods and the circumstances under which each method can be used.

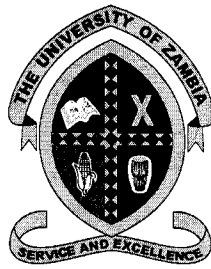
- A. Market-based (5 Marks)
- B. Marginal cost (5 Marks)
- C. Full cost (5 Marks)
- D. Cost-plus a mark-up (5 Marks)
- E. Negotiated transfer prices (5 Marks)

QUESTION SIX

- A. Discuss the concept of target costing and the role of finance in implementing target costing. (7 Marks)
- B. With the help of a diagram, describe the implementation process of target costing.

(18 Marks)

END OF EXAMINATION



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

MBA Finance Sessional Examination

Thursday 6th FEBRUARY 2020

MAF5120: CORPORATE FINANCE - BLENDED

Information for Candidates

1. Time Allowed: **3 hours**
2. Total Marks: 100
3. Special Requirements: - A non-programmable scientific calculator

Instructions to candidates

1. This Question Paper consists of SIX Questions each carrying 25 marks
2. Answer Question ONE and Choose ANY FOUR other questions
3. Start the answer to each full question on a fresh page of the answer booklet.
4. Questions may be written in any order, but must be legibly numbered.
5. Write neatly and legibly, showing ALL your workings were necessary

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Question One

[20 Marks] – MULTIPLE CHOICE – [2 marks each]

1 Which of the following statements best explains the role of the external auditor from an agency perspective?

A The auditor enables the shareholders to rely on the financial statements prepared by the directors.

B The auditor ensures that the company is well managed.

C The auditor provides the directors with independent advice on accounting and financing matters.

D The shareholders can task the external auditor to examine particular areas of concern.

2 Which of the following statements best describes the driver of the market price of a quoted company?

A Expectations of future revenues.

B Expectations of future dividends.

C Historical trends of reported profits.

D Historical trends of dividend payments.

3 Martin has just been admitted to a long established business partnership. He has bought 20% of the partnership equity, although he has not paid for this yet. He will be entitled to 15% of the partnership profit. If the firm incurs any liability, what proportion of that liability will be Martin's legal responsibility?

A 0%

B 15%

C 20%

D 100%

4 When does a bondholder receive the nominal value of a bond?

A At the time of purchase.

B Annually.

C Whenever coupon payments are made.

D At maturity.

5 Which of the following statements describes the agency problem?

A Agents may feel that they cannot trust their principals.

B Agents may have insufficient authority to manage their principals' affairs.

C Principals may feel that they cannot trust their agents.

D Principals may not have the necessary expertise to manage their own businesses.

6 Kumuzi is a 100% subsidiary of the Ndiyepano Group. Ndiyepano is a major quoted Corporation. Kumuzi has serious cash flow problems and is struggling to meet its immediate liabilities. Which of the following statements is correct?

A Ndiyepano has no reason to support Kumuzi.

B Ndiyepano is forbidden from supporting Kumuzi unless there is a contractual reason for doing so.

C Ndiyepano is required by law to support Kumuzi and settle the liabilities.

D Ndiyepano will make a commercial decision as to whether it will support Kumuzi.

7 A parent company's only asset is an K8 million investment in a 60% subsidiary. The subsidiary's assets are valued at K25 million. What value will be attributed to group assets in the consolidated financial statements?

- A K8 million
- B K15 million
- C K25 million
- D K33 million

8 A newly formed company was funded by an equity injection, in which the shareholders purchased a total of 10,000 K1 fully-paid shares for K2.50 each. Which of the following figures will appear in the company's statement of financial position?

<i>Share capital (K)</i>	<i>Share premium (K)</i>
A 10,000	15,000
B 10,000	25,000
C 25,000	0
D 25,000	15,000

9 Which of the following statements best describes the purpose of the depreciation charge?

- A The depreciation charge creates a reserve for the replacement of assets when they reach the end of their useful lives.
- B The depreciation charge ensures that asset values remain realistic.
- C The depreciation charge ensures that businesses obtain tax relief on the consumption of assets' values.
- D The depreciation charge reflects the consumption of an asset's value during the period that benefits from that consumption.

10 You have been asked to determine the internal rate of return (IRR) of a project that has an initial cash outflow, followed by seven years of net cash inflows. The project's net present value was + \$500,000 when determined at 11% and – \$500,000 when determined at 16%.

Which of the following statements concerning the project's IRR is correct?

- A The IRR is approximately 13.5%.
- B The IRR is exactly 13.5%.
- C The IRR is greater than 16%.
- D The IRR is less than 11%.

Question Two

[Total 20 Marks]

(a) Brighton works in a factory owned by Global Manufacturing ("Global"), a quoted company. Global grants employees who have been employed by the company for more than five years the right to purchase up to 1,000 shares every year at a 5% discount to the share price at the date of purchase. Global's current share price is K4.70 per share.

Discuss the advantages and disadvantages to Brighton of taking up the right to purchase shares under this scheme. [5 marks]

(b) A quoted company is planning to make a rights issue on the basis of one new share for every seven shares currently held. The present share price is K5.20. The rights issue will be priced at K4.50. The directors intend to use the funds raised to fund a project that they are confident will increase the company's present market capitalisation by 20%.

- (i) Calculate the expected price per share after the rights issue. [3 marks]
- (ii) Comment on whether the stock will trade above or below the price in (i) [2 marks]
- (c) Give two advantages and two disadvantages of Eurobonds to both the lender and borrower. [4 marks]
- (d) For your chosen LuSE listed company, outline the various factors to be considered in deciding on its dividend policy. [6 marks]

Question Three [Total 20 Marks]

A computer manufacturer is to develop a new chip to be produced from 1 January 2008 until 31 December 2020. Development begins on 1 January 2006. The cost of development comprises K9 million payable on 1 January 2006 and K12 million payable at the beginning of 2007. From 1 January 2008 the chip will be ready for production and it is assumed that income will be received half yearly in arrear at a rate of K5 million per annum.

- (i) Draw a time line for this transaction. [2 marks]
- (ii) Calculate the net present value at an effective rate of interest of 9% per annum. [5 marks]
- (iii) Explain whether the discounted payback period would be greater than, less than or equal to 10 years [Hint: work from the end of the Timeline]. [3 marks]

Critics of the net present value (NPV) technique state that it has a fundamental flaw in that it is possible to justify either the acceptance or rejection of almost any project by ignoring sunk costs and manipulating estimates and assumptions in the evaluation of NPV.

- (iv) Evaluate this assertion based on the nature of the above project. [5 marks]
- (c) Explain the how corporate tax systems often influence on the financing decisions of a company [5 marks]

Question Four [Total 20 Marks]

(a) Calculate the time it takes for K3,600 to accumulate to K8,000 under a compound rate of interest of 8% per annum effective. [3 marks]

(b) Distinguish between the nominal and effective rate of interest. [2 marks]

(c) A computer manufacturer is to develop a new chip to be produced from 1 January 2008 until 31 December 2020. Development begins on 1 January 2006. The cost of development comprises K9 million payable on 1 January 2006 and K12 million payable at the beginning of 2007. From 1 January 2008 the chip will be ready for production and it is assumed that income will be received half yearly in arrear at a rate of K5 million per annum.

- (i) Draw a time line for this transaction. [2 marks]
- (ii) Calculate the net present value at an effective rate of interest of 9% per annum. [5 marks]

(iii) Find the discounted payback period for the project.

[3 marks]

(iv) Comment on the assertion that the internal rate of return method has no advantages over the net present value method of evaluating investment opportunities and has several disadvantages.

[5 marks]

Question Five

[Total 20 Marks]

Ukambachani is a major quoted company that manufactures timber products. The company has suffered a major setback during the past few months. The company's largest supplier was unable to meet Ukambachani's timber requirements because volcanic activity close to the supplier's forests caused forest fires which severely disrupted transport routes. Ukambachani was able to purchase timber from alternative sources, but paid much more than usual because Ukambachani receives a substantial discount from its usual supplier.

Most of Ukambachani's board members are concerned that the shareholders will blame them for allowing the company to become so heavily dependent on a single supplier.

The Production Director disagrees, though, on the basis that the Capital Asset Pricing Model (CAPM) suggests that shareholders diversify, which protects them from unsystematic risks. The volcanic disruption is an unsystematic risk and so the shareholders were protected. In any case, the Production Director had considered the risk of disruption due to the volcano and had concluded that the risk of an eruption in any given year was less than 5%.

Ukambachani has a high gearing ratio. The Production Director proposes that the board should determine the company's ungeared beta in order to determine whether the shareholders are earning a satisfactory return on their investment, despite the costs associated with the volcano.

(a) Discuss the Production Director's argument that holding diversified portfolios would have protected Ukambachani's shareholders from the volcanic disruption and so the shareholders will not blame the board.

[8 marks]

(b) Discuss the Production Director's proposition that the risk had been evaluated and so the board should not be criticised.

[7 marks]

(c) Discuss the respective relevance of Ukambachani's geared and ungeared betas to its shareholders.

[5 marks]

Question Six

[Total 20 Marks]

Serene Hotels is a family-owned company that is in the process of recovering from a major corporate scandal. Serene Hotels is a substantial business that is not quoted. None of its shareholders owns more than 5% of the equity shares. None of the shareholders is able to take an active role in the company's management.

Serene Hotels' directors were all forced to step down because of the discovery that the directors had been overstating reported profits, which had the effect of inflating their profit-related bonuses. The directors also provided themselves with lavish lifestyles at the company's expense. For example, the company provided chauffeur-driven limousines to transport the directors on both business and personal travel.

The entire board of Serene Hotels has resigned. The shareholders have met and have appointed a new chairman and a chief executive. Neither of these appointees have had anything to do with Serene Hotels in the past. They have both agreed that their first priority is to appoint a new board and to structure the management arrangements so that the shareholders' confidence is restored.

The chairman has suggested that the new board should be structured as follows:

- The chairman will work on a part-time basis and will be responsible for the management of the board, including chairing board meetings. The chairman will be paid a fixed annual salary that offers an appropriate rate for the time that he is expected to commit to the company.
- The chief executive will be employed on a full-time basis to manage the company itself and will receive both a substantial salary and a profit-related bonus.
- Four additional full-time directors will be appointed to take charge of particular areas such as marketing and finance. Each will receive a similar package to the chief executive.
- Two part-time directors will be appointed to participate in board meetings and to review corporate strategy. They will be paid a fixed salary.
- The chief executive and each of the full-time directors will receive a 5% shareholding after satisfactorily completing three years on Serene Hotels' board.
- The chairman and the two part-time directors will appoint a new larger and more reputable external audit firm to replace outgoing auditor and will pay a larger fee for the new auditor's services.

(a) Discuss the suitability of each of the proposals above from the perspective of maintaining shareholder confidence. [10 marks]

An advisor has recommended that the new team of executives seek a stock exchange quotation and commit in their prospectus to have a specific dividend pay-out ratio.

(b) Evaluate the decision to list the company at this particular moment. [4 marks]

(c) Outline the various factors to be considered in deciding on the dividend policy for Serene Hotels post listing. [6 marks]

..... **END OF EXAMINATION**.....



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

MBA Finance/ MSc Accounting & Finance Final Examination

Wednesday 1st July 2020

MAFF 5120: CORPORATE FINANCE

Total Marks=100

Time Allowed: Reading Time: 5 minutes, Writing time: 3 hours

Instructions

1. Do not open paper until instructed by the supervisor
2. During reading and planning time only the exam paper can be annotated. You must not write in your answer booklet until instructed by the supervisor.
3. Show all your workings and present neat work
4. Answer all questions in Section A for a maximum 40 marks and answer any three questions in Section B, for a maximum of 60 marks.
5. The financial and formulae tables should not be removed from the exam room

SECTION A Compulsory -40 Marks

QUESTION 1

You are a corporate finance analyst at a management consulting firm, which has been approached by a company for advice on its capital structure decisions. The company, Nalindo Chickens Ltd has been in existence for only two years, and its stock is currently trading at K20 per share (There are 110,000 shares outstanding.) The following are the most recent financial statements of the company:

Income Statement

Revenues	K 1,000,000
- Expenses	K 400,000
- Depreciation	<u>K 100,000</u>
EBIT	K 500,000
- Interest Expense	<u>K 100,000</u>
Taxable Income	K 400,000
- Tax (40%)	<u>K 160,000</u>
Net Income	K 240,000

Statement of financial position (Balance Sheet)

<i>Assets</i>		<i>Liabilities</i>	
Property, Plant & Equipment	K 1,500,000	Accounts Payable	K 500,000
Land & Buildings	K 500,000	Long Term Debt	K 1,000,000
Current Assets	<u>K 1,000,000</u>	Equity	<u>K 1,500,000</u>
Total	K 3,000,000	Total	K 3,000,000

The debt is not traded, but its estimated market value is 135% of face (book) value.

Due to its limited history, the beta of the stock cannot be estimated from past prices. You do have information about comparable listed firms and their betas –

<i>Firm</i>	<i>Beta</i>	<i>Debt/Equity Ratio</i>
Kalulushi Fried Chicken	1.3	20%
Hungry Chicken	1.20	50%
Mukombwe Fried Chicken	0.90	10%
Sesheke Inns	1.35	70%

(The comparable firms all have the same tax rate as Nalindo Chicken). You can assume that a market risk premium of 6 %. The treasury bill rate is 4.00% and the government bond rate is 8%. The company's pre-tax cost of debt shall be the risk-free rate plus a default spread of 2 %.

Required

- What is the current cost of equity? (10 marks)
- What is the current after-tax cost of debt? (1 mark)
- What is the current cost of capital? (2 marks)

As part of your analysis, you are examining whether Nalindo Chicken should borrow K600,000 and buy back stock. If it does so, the company's pre-tax cost of debt shall be the risk-free rate plus a default spread of 3%.

Required:

- If it does so, what will the new cost of capital be? (3 ½ Marks)
- How much will the stock price change if it borrows K600,000 and buys back stock? (1 ½ marks)

Nalindo Chicken expects its revenues to grow 10% next year, and its expenses to remain at 40% of revenues. The depreciation and interest expenses will remain unchanged at K100,000 next year. The working capital, as a percentage of revenue, will remain unchanged next year.

The managers of Nalindo Chicken claim to have several projects available to choose from next year, where they plan to invest the funds from operations and suggest that the firm really should not be paying dividends. The projects have the following characteristics –

Project	Equity Investment(K)	Expected Annual CF to Equity	Beta
A	K125,000	12,500	1.00
B	K 100,000	14,000	1.50
C	K 50,000	8,000	1.80
D	K 60,000	12,000	2.00

The treasury bill rate is 4% and the government bond rate is 8%. The firm plans to finance 50% of its future net capital expenditures (Cap-Ex - Depreciation) and working capital needs with debt.

Required

How much can the company afford to pay in dividends next year? (10 marks)

[Total 27 Marks]

QUESTION 2

Kajima Software Inc. is a computer software company that generated K 12 million in pre-tax operating income on K 100 million in revenues last year; the firm is stable and does not expect revenues or operating income to change over the next 10 years. Its inventory management is in shambles and inventory as a percent of revenues amounted to 13% last year. Kajima is considering investing in a new inventory management system, which will cost K 16 million. The inventory management system is expected to have a 10- year life, over which period it can be depreciated straight line down to a salvage value of zero. The new inventory management system is expected to have two benefits:

- It will immediately reduce the inventory maintained of items that are least sold and lower the inventory/sales ratio to 9% (and stay at that percentage level for the life of the inventory management system)
- By providing salespeople with updated information on what is in stock, it is expected to increase revenues to K 115 million next year (and operating margins to remain unchanged). The revenues and operating income from year 2 to year 10 will remain unchanged at year 1 levels. The reduction in inventory will also allow the company to sell off its existing storage facility (which has a book value of K 6 million) today for K 11 million and buy a new storage facility for K 6 million. Both the old and the new storage facilities will be depreciated straight-line over the next 10 years to a salvage value of zero.

The firm has an income tax rate of 40%, a capital gains tax rate of 20% and a cost of capital of 10%.

Required

- a. Estimate the cashflows at time 0 (today) from this investment. (3 marks)
- b. Estimate the NPV of investing in the new inventory management system. (7 marks)

c. Based on your answer in (b) should Kajima go ahead with the proposed investment (3 marks)

[Total 13 Marks]

SECTION B- 60 Marks

There are 4 questions, answer any 3

QUESTION 3.

- a. The figure below shows the output results of the regression of M Corporation's monthly returns against the Stock index returns for five years:

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.582730945
R Square	0.339575354
Adjusted R Square	0.335865103
Standard Error	0.076904771
Observations	180

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	0.541301791	0.541302	91.52356	9.34006E-18
Residual	178	1.052753209	0.005914		
Total	179	1.594055			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0.023011046	0.005842701	3.938426	0.000118	0.011481171	0.034540921	0.011481171	0.034540921
0.07	1.187812055	0.124159879	9.566795	9.34E-18	0.942797321	1.432826788	0.942797321	1.432826788

Required:

- i. What is the intercept (alpha) and slope (beta) of the regression? (2 marks)
 - ii. If you bought stock in M Corp today, how much would you expect to make as a return over the next year? [The six-month T. Bill rate is 6%] (1 mark)
 - iii. Looking back over the last five years, how would you evaluate M Corp's performance relative to the market? (The risk-free rate during the period was also 6% on an annual basis) (4 marks)
 - iv. Assume now that you are an undiversified investor and that you have all of your money invested in M Corporation. What would be a good measure of the risk that you are taking on? How much of this risk would you be able to eliminate if you diversify? (2 marks)
- b. Explain a firm's investment, financing and dividend decisions choices at different stages in the growth life cycle. You should give reasons for each of the choices (12 marks)

[Total 20 Marks]

QUESTION 4

- a. In corporate finance the objective when making investing, financing and dividends decisions is to maximize firm value. Some stakeholders argue that this objective is 'utopian'. Do you agree with the stakeholders statement? Explain.
(15 marks)
- b. It is often argued that managers, when asked to maximize stock price, have to choose between being socially responsible and carrying out their fiduciary duty. Do you agree?
Can you provide an example where social responsibility and firm value maximization go hand in hand? (5 marks)
- [Total 20 Marks]

QUESTION 5

- a. Kachema a major pharmaceutical company, is considering increasing its debt ratio from 11 percent to 40 percent, which is its optimal debt ratio. Its beta is 1.17, and the current risk-free rate is 6.50 percent. The return on equity was 14.5 percent in the most recent year, but it is dropping as health care matures as a business. The company has also been mentioned by various business media as a possible takeover target. The company is controlled by the Mubita family who own 55% of the company's shares.

Required:

- i. Kachema has to choose between moving to its optimal gradually or immediately. What factors should the company take into account when choosing between the two options (6 marks)
- ii. How would you recommend that Kachema increase its debt ratio? (4 marks)
- b. Tonga-Bezi opened the Tonga-Bezi Zanzibar Park(ZP) in 2013, at a cost of K1.5 billion, with a mix of roller coaster rides and movie nostalgia. Tonga-Bezi expected about 60% of its visitors to Tonga-Bezi Dar-es-Salaam Park to come across to ZP and generate about K 100 million in annual after-cash flows for the firm. By 2020, ZP had not performed up to expectations. Of the 15 million people who came to Tonga-Bezi Dar-es-Salaam in 2019, only 6 million visited Zanzibar Park, and the cash flow averaged out to only K 50 million between 2013 and 2019. Tongabezi's cost of capital is 6% and cashflows are expected to grow at 2% in perpetuity.

In early 2020, Tonga-Bezi faced three choices:

- (i) Shut down Zanzibar Park and try to recover whatever it can of its initial investment. It is estimated that the firm recover about K 500 million of its investment.
- (ii) Continue with the status quo, recognizing that future cash flows will be closer to the actual values (K 50 million) than the original projections.
- (iii) Invest about K 600 million to expand and modify the park, with the intent of increasing the number of attractions for families with children, is expected to increase the percentage of Tonga-Bezi Dar visitors who come to ZP from 40% to 60% and increase the annual after-tax cash flow by 60% (from K 50 million to K 80 million) at the park.

Required:

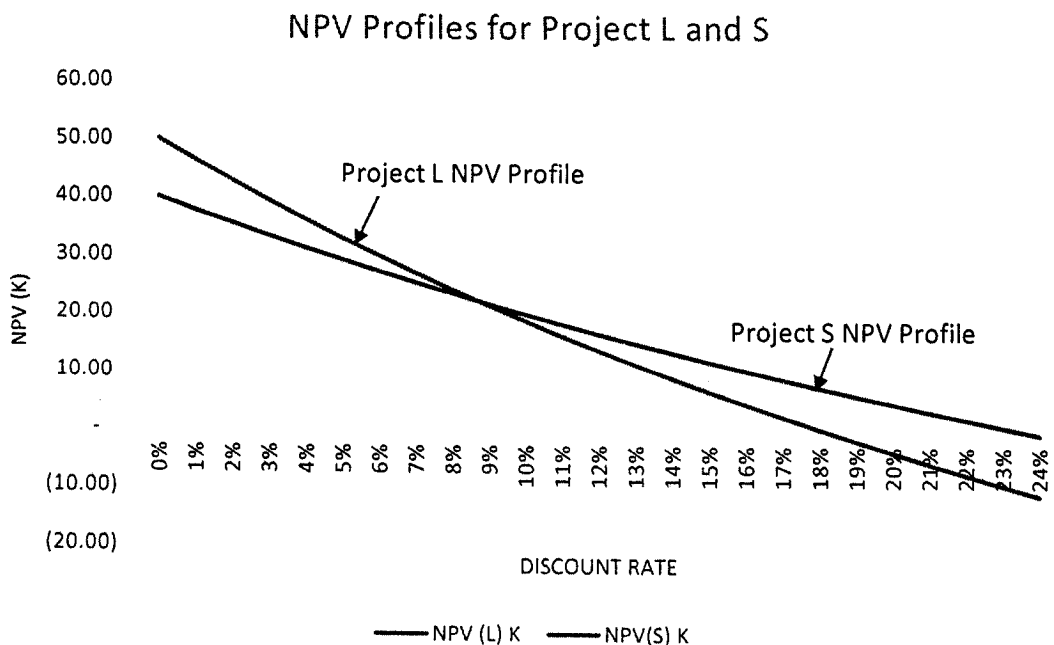
Advise Tongabezi on the best choice. (For credit show supporting workings)

(10 marks)

[Total 20 Marks]

QUESTION 6

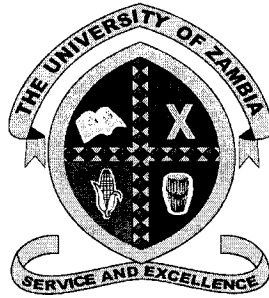
- a. Explain the determinants of beta using appropriate examples (6 marks)
- b. The graph below shows the NPV profiles for Project L and S.



Required:

- i. Referring to the NPV profile above, which project (s) should be accepted if they are independent? Mutually exclusive? Explain. Are your answers correct at any cost of capital less than 23.6 percent? (4 marks)
 - ii. When evaluating independent investment projects, you will arrive at the same decision when you use either the Net present value or Internal Rate of Return methods. However, when choosing between mutually exclusive investments the two methods will cause a conflict of choice. What is the underlying cause of conflicts? (6 marks)
- c. Explain why a kwacha today is worth more than a kwacha tomorrow (4 marks)

-----END OF EXAM.....



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

MSc ACCOUNTING AND FINANCE

NOVEMBER 2018 COHORT BLENDED/EVENING

SESSIONAL EXAMINATION

DATE: MONDAY 29TH JUNE 2020

**MAF 5122: INVESTMENT ANALYSIS AND PORTFOLIO
MANAGEMENT**

EXAM TIME: 09:00 HOURS

VENUE: GSB CONFERENCE ROOM

DURATION: THREE (3) HOURS

INSTRUCTIONS:

- 1. The Paper has a Total Number of Six (6) Questions Comprising Sections A and B.**
- 2. Answer a Total of FOUR (4) Questions.**
- 3. Section A is *COMPULSORY*. From Section B Answer *ANY TWO (2)* Questions.**
- 4. Marks Allocation Indicates the Depth of the Answer Expected.**

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A – COMPULSORY

QUESTION ONE

- A. The following data shows stock market results for three companies A, B and C for five days.

Company	PRICE			SHARES		
	A	B	C	A	B	C
Day 1	12	23	52	500	350	250
Day 2	10	22	55	500	350	250
Day 3	14	46	52	500	175*	250
Day 4	13	47	25	500	175	500**
Day 5	12	45	26	500	175	500

*Split at close of Day 2

**Split at close of Day 3

Required

- (a) Calculate a Dow Jones Industrial Average (DJIA) for the five days and clearly indicate the adjusted divisors. (10 Marks)
- (b) What effects have the splits had in determining the next day's index? (5 Marks)
- B. KK Inc. has a K15 million face value bond issue outstanding. The issue carries a coupon rate of 10% with interest paid semi-annually. The issue matures in 6 years. What is the current market value of the bond issue if it is priced to provide a yield to maturity of 16%? (10 Marks)

QUESTION TWO

- A. Nampundwe Mining Company has just paid a dividend of K1.60 per share on its common stock. The company expects to increase the dividend at a 20 percent annual rate for the first four (4) years and at a 13 percent rate for the next four (4) years, and then grow the dividend at a 7 percent rate thereafter. This growth pattern is in keeping with the expected life cycle of earnings. You require a 16 percent return to invest in this stock.

Required

Calculate the value you should place on a share of this stock. (17 Marks)

- B. On January 2014 Mr Kalaluka Mwansa invested in 1000 shares worth K16 and held on to the investment for twenty (20) months. The annual dividends per share were K2 in 2013 and were expected to grow in value by 10 percent per annum for the next three (3) years and 5 percent per annum thereafter.

Required

Compute the Annual Holding Period Yield (AHPY) for Mr Kalaluka Mwansa. (8 Marks)

SECTION B

QUESTION THREE

A. KK Inc. has a K15 million face value bond issue outstanding. The issue carries a coupon rate of 10% with interest paid semi-annually. The issue matures in 6 years. What is the current market value of the bond issue if it is priced to provide a yield to maturity of 16%? (13 Marks)

B. There is a wide variety of information source on global investment to meet the requirements of a diverse investor that wish to participate in global investment opportunities.

Required

Briefly describe the kind of information contained in the following sources:

- (a) Central Bank Bulletins (3 Marks)
- (b) Economic Indicators (3 Marks)
- (c) Bank Publications (3 Marks)
- (d) Industrial Publications and Trade Associations (3 Marks)

QUESTION FOUR

A. Foreign bonds are identified by their country of origin and among the available foreign bonds are Euro-Bonds, Yankee Bonds, and international Domestic Bonds. Briefly explain each of the three (3) bonds. (9 Marks)

B. Outline the concept of Capital Asset Pricing Model (CAPM) and explain the meaning of Beta (β) in relation to investments. (8 Marks)

C. Explain the implications of systematic and unsystematic risk for investment. (8 Marks)

QUESTION FIVE

- A. Discuss in detail the following types of investment companies.
- 1. Money market funds (5 Marks)
 - 2. Bond funds (5 Marks)
 - 3. Common stock funds (5 Marks)
 - 4. Balanced funds (5 Marks)

B. Explain what futures contracts are and discuss their characteristics. (5 Marks)

QUESTION SIX

Wankumbwa Chileshe plc was established nine years ago. The company has grown steadily throughout that period and the directors are beginning to plan the next stage of expansion.

The company requires to raise a substantial amount of finance in order to grow and the directors are considering the options that are open to them.

One possibility is to raise funds through borrowing. Another would be to raise further equity, although the directors are of the opinion that they might have to seek a stock exchange quotation in order to do so.

Required

- A. Describe the tax implications of selecting a source of finance from the point of view of the company and the provider of the finance. **(7 Marks)**
- B. Explain why it might not always be appropriate for management to choose the least expensive form of capital whenever new finance is required. **(6 Marks)**
- C. Explain the advantages and disadvantages of seeking a stock exchange listing. **(7 Marks)**
- D. All of Wankumbwa Chileshe plc's shares are held by the directors, all of whom are actively involved in the running of the company. Describe one advantage and one disadvantage of having a "tight" shareholding. **(5 Marks)**

END OF EXAMINATION

Present Value Table

Present value of 1 i.e. $(1 + r)^{-n}$

Where r = discount rate
 n = number of periods until payment

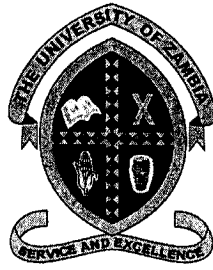
Periods (n)	Discount rate (r)										
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	1
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	2
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	3
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683	4
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621	5
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564	6
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513	7
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467	8
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424	9
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386	10
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.305	11
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319	12
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290	13
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263	14
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239	15
(n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%	
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833	1
2	0.812	0.797	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694	2
3	0.731	0.712	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579	3
4	0.659	0.636	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482	4
5	0.593	0.567	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402	5
6	0.535	0.507	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335	6
7	0.482	0.452	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279	7
8	0.434	0.404	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233	8
9	0.391	0.361	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194	9
10	0.352	0.322	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162	10
11	0.317	0.287	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135	11
12	0.286	0.257	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112	12
13	0.258	0.229	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.093	13
14	0.232	0.205	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078	14
15	0.209	0.183	0.160	0.140	0.123	0.108	0.095	0.084	0.074	0.065	15

Annuity Table

Present value of an annuity of 1 i.e. $\frac{1-(1+r)^{-n}}{r}$

Where r = discount rate
 n = number of periods

Periods (n)	Discount rate (r)									
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909
2	1.970	1.942	1.913	1.886	1.859	1.833	1.808	1.783	1.759	1.736
3	2.941	2.884	2.829	2.775	2.723	2.673	2.624	2.577	2.531	2.487
4	3.902	3.808	3.717	3.630	3.546	3.465	3.387	3.312	3.240	3.170
5	4.853	4.713	4.580	4.452	4.329	4.212	4.100	3.993	3.890	3.791
6	5.795	5.601	5.417	5.242	5.076	4.917	4.767	4.623	4.486	4.355
7	6.728	6.472	6.230	6.002	5.786	5.582	5.389	5.206	5.033	4.868
8	7.652	7.325	7.020	6.733	6.463	6.210	5.971	5.747	5.535	5.335
9	8.566	8.162	7.786	7.435	7.108	6.802	6.515	6.247	5.995	5.759
10	9.471	8.983	8.530	8.111	7.722	7.360	7.024	6.710	6.418	6.145
11	10.37	9.787	9.253	8.760	8.306	7.887	7.499	7.139	6.805	6.495
12	11.26	10.58	9.954	9.385	8.863	8.384	7.943	7.536	7.161	6.814
13	12.13	11.35	10.63	9.986	9.394	8.853	8.358	7.904	7.487	7.103
14	13.00	12.11	11.30	10.56	9.899	9.295	8.745	8.244	7.786	7.367
15	13.87	12.85	11.94	11.12	10.38	9.712	9.108	8.559	8.061	7.606
(n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833
2	1.713	1.690	1.668	1.647	1.626	1.605	1.585	1.566	1.547	1.528
3	2.444	2.402	2.361	2.322	2.283	2.246	2.210	2.174	2.140	2.106
4	3.102	3.037	2.974	2.914	2.855	2.798	2.743	2.690	2.639	2.589
5	3.696	3.605	3.517	3.433	3.352	3.274	3.199	3.127	3.058	2.991
6	4.231	4.111	3.998	3.889	3.784	3.685	3.589	3.498	3.410	3.326
7	4.712	4.564	4.423	4.288	4.160	4.039	3.922	3.812	3.706	3.605
8	5.146	4.968	4.799	4.639	4.487	4.344	4.207	4.078	3.954	3.837
9	5.537	5.328	5.132	4.946	4.772	4.607	4.451	4.303	4.163	4.031
10	5.889	5.650	5.426	5.216	5.019	4.833	4.659	4.494	4.339	4.192
11	6.207	5.938	5.687	5.453	5.234	5.029	4.836	4.656	4.486	4.327
12	6.492	6.194	5.918	5.660	5.421	5.197	4.988	4.793	4.611	4.439
13	6.750	6.424	6.122	5.842	5.583	5.342	5.118	4.910	4.715	4.533
14	6.982	6.628	6.302	6.002	5.724	5.468	5.229	5.008	4.802	4.611
15	7.191	6.811	6.462	6.142	5.847	5.575	5.324	5.092	4.876	4.675



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

**MBA/MSc Sessional Examination
Tuesday 30th June 2020**

MAF6211 – RISK MANAGEMENT

Information for Candidates

1. Time Allowed: **3 hours**
2. Total Marks: 100
3. Special Requirements: - A non-programmable scientific calculator

Instructions to candidates

1. Answer Question ONE and Choose ANY TWO other questions
2. Start the answer to each full question on a fresh page of the answer booklet.
3. Questions may be written in any order, but must be legibly numbered.
4. Write neatly and legibly, showing ALL your workings were necessary

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Question One

[Total 50 Marks] - COMPULSORY

Boeing, battered even before coronavirus, restarts in survival mode

The world's biggest aircraft manufacturer stands on the precipice. This week production is starting up again, but Boeing faces huge challenges and uncertainty.

The news came on Monday: Norwegian Air's important Danish and Swedish subsidiaries which employ cabin crews and pilots have filed for bankruptcy. One of Europe's major low-cost airlines, Norwegian has long been earmarked as a possible case of an airline that could go bust soon, all the more so since the COVID-19 crisis took hold.

Aviation is a global industry, so this news had a ripple effect over 7,000 kilometers away in Seattle on the west coast of the US, bringing worries to the world's biggest aircraft manufacturer Boeing. Norwegian Air is an important Boeing customer. There are currently 92 non-delivered orders for 737 MAXs, as well as two 787 Dreamliner aircraft waiting at the Everett factory to be ferried to Scandinavia.

A third rests partially finished on the assembly line, which was shut down until Monday due to the spread of the coronavirus since March 25. The first of 27,000 Boeing employees were expected back on their jobs for the late shift on Monday. In the Renton factory they are being put to work to prepare for restarting 737 MAX production, which had already been stopped back in January due to the grounding of this aircraft type since March 2019.

A total of 422 MAX jets had been assembled but remained undelivered due to the flight ban. They had to be distributed to various storage areas in the Western US under growing logistical pains. The future of the 737 MAX program and the airplanes already produced is now more uncertain than ever. In March, leasing company Avolon canceled orders for 150 aircraft, Boeing itself removed 139 unsubstantiated orders from the books and only last weekend, leasing company Gecas canceled a further 69 MAX orders.

Struggling on all fronts

Meanwhile, assembly lines for the models 747, 767 and 777 took up full production on Tuesday. Lines for the 787 Dreamliner in Everett will be reopened on Thursday and are supposed to run at full capacity by the end of the week, while Boeing is promising its workforce, fearful of the coronavirus, full protection measures.

Just how desperate the situation currently is in Seattle was illustrated in a *Financial Times* report on Monday. In late March Boeing was supposed to hand over a new 787-10 to one of its most important customers in the Middle East. According to DW research, this is very likely to be Etihad of Abu Dhabi. The airline, according to the paper, told Boeing that the deal would collapse if they didn't lower the price further, already discounted at 55% below the list price of US\$338 million.

Usually an airline would have serious second thoughts before canceling an order at such short notice, as this would lead to painful penalties and forfeiting of deposits. At an agreed price of US\$150 million, this could easily result in a write-off in the region of US\$100 million. Not so in this case, which stands as an apparent example of the currently dire situation at Boeing and Airbus, where the majority of airline customers are fighting for survival.

Boeing reportedly accepted a further price reduction of 15%, preferring to have the aircraft delivered instead of haggling back and forth for a few million dollars more or less. Aircraft manufacturers are standing with their backs to the wall. Within a few weeks, their order books, having been at record levels after a decade of boom with deals worth over \$1 trillion US dollars (€919 billion), have now been thrown into uncertain disarray, likely to continue for years.

Boeing's situation is especially precarious. "Their survival is threatened now and they need to take dramatic action," says Adam Pilarski, senior vice president of Californian consultancy Avitas. Boeing's commercial arm alone is currently burning about US\$4 billion a month, just to keep itself and some major suppliers going.

Changed times

Despite having raked in record profits only recently — fired Boeing CEO Dennis Muilenburg was accused of putting shareholder value above safety in the MAX crisis — Boeing ended 2019 with US\$27 billion in debt, doubling the level from the previous year.

Up until mid-March, Boeing had used up a new credit line of US\$14 billion. On top of that is the huge burden caused by the MAX crisis, which recently added up to US\$18.7 billion in costs. There aren't many options to explore for Boeing without a guarantee from the government," says US consultancy AeroAnalysis. According to their sources, Boeing has \$15 billion in cash and a \$9.6 billion revolving credit facility it can use.

"But that will only sustain the company for a matter of months if the current cash burn continues," the analysts warn. Even though Boeing's CEO David Calhoun is against accepting federal support if any strings are attached to it, the manufacturer is simply too important for the US economy to be allowed to fail. Boeing's production single-handedly equals around 1% of US GDP.

Uncertain future

This week, Boeing is expected to announce the eagerly awaited new production rates. There is talk of halving previous rates. Currently, 62% of the global Boeing fleet is grounded. Analysts expect that only 6,300 new aircraft will be needed in the coming five years, down from 8,300 predicted before, as air traffic will drop considerably.

"Most of all Boeing, but also Airbus, have to use the time wisely until traffic will probably bounce back by 2023 to work hard on revolutionary new aircraft, which are both more environmentally friendly and faster than today, " says Adam Pilarski.

Boeing is currently at a dead end with the MAX and lacks any compelling narrowbody aircraft offering. Airbus, on the contrary, has done well with its A321neoLR, which is capable of flying shorter intercontinental routes even as a smaller single-aisle aircraft.

Also the newest model A220 is expected to be given more range to win orders in this lucrative segment as well. "This offers the least risky option for airlines and is clearly the best way to go," says Pilarski. It will come at the expense of expensive widebody aircraft and will affect Boeing much harder, as it will soon offer the world's biggest passenger aircraft after the end of the A380, the new 777X, which has been ordered by Lufthansa.

Cathay Pacific from Hong Kong, which has ordered 21, has reportedly already decided internally not to take up the 777X. There have even been rumors that the whole program might be scrapped, but experts don't think that's very likely. In any case: "In the next 12 months, for Boeing it's all about survival," says Pilarski.

Date 21.04.2020

Author Andreas Spaeth

Source: <https://www.dw.com/en/boeing-battered-even-before-coronavirus-restarts-in-survival-mode/a-53200615>

Required:

- (i) Identify and describe any six risks that are being faced by the aviation industry. [12 marks]
- (iii) Define a crisis and explain how a crisis management plan could have helped Boeing in managing the past 737MAX crisis and the on-going effects of the COVID-19 pandemic. [23 marks]
- (ii) Evaluate the risk financing methods mentioned in the Boeing case and explain how the company could make use of any other two structured financing options. [15 marks]

Question Two

[Total 25 Marks]

An RTP (risk treatment plan) is an essential part of an organisation's ISO 27001 implementation process, as it documents the way your organisation will respond to identified threats.

It's one of the mandatory documents you must complete as part of your ISO 27001 implementation project, and forms the final stage of the risk assessment process.

- (a) Describe the four risk treatment options. [8 marks]
- (b) By considering the factors behind RTP, discuss how each of the above options may be useful in the case of cyber risk management for a named local or international company. [8 marks]
- (c) Recall a case you analysed in this course and present a summary of; the company, case context, what went wrong, the risks, the exposure/losses and aftermath. [9 marks]

Question Three [Total 25 Marks]

(b) For a named Zambia company or institution within the mining or retail sectors, prepare a COVID-19 briefing to senior management highlighting the following.

- The threats and opportunities
- Risk Tolerance
- Risk measurement
- Risk culture and controls

[25 marks]

Question Four [Total 25 Marks]

The consideration of risk and how risk is managed is particularly important for charities because their governance structure means that those who are ultimately responsible for the charity, its trustees, are not normally involved in the day to day running of its operations.

Since the publication of the Charity Commission's Statement of Recommended Practice (SORP) in 2000, trustees of charities have been required to make a statement in their annual Trustees' Report "confirming that the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems or procedures have been established to manage those risks."

(a) Define risk appetite and outline how the risk appetite can be set within the charity organisations' set up. [12 marks]

(b) Recommend, with reasons, and apply an appropriate ERM framework and governance structure for a typical the charity organisation. [13 marks]

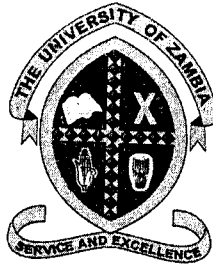
Question Five [Total 25 Marks]

Using practical examples or case studies to illustrate your answer

(a) Discuss steps taken in constructing and adjusting a risk map. [12 marks]

(b) Discuss whether risk management increases risk. [13 marks]

*****END OF EXAMINATION*****



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

**MBA Finance Sessional Examination
Wednesday 1st July 2020**

MBF5152: PORTFOLIO MANAGEMENT AND WEALTH PLANNING

Information for Candidates

1. Time Allowed: **3 hours**
2. Total Marks: 100
3. Special Requirements: - A non-programmable scientific calculator

Instructions to candidates

1. This Question Paper consists of **FOUR** Questions
2. Answer Question **ONE** and Choose **ANY TWO** other questions
3. Start the answer to each full question on a fresh page of the answer booklet.
4. Questions may be written in any order, but must be legibly numbered.
5. Write neatly and legibly, showing **ALL** your workings where necessary

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Question One

[Total 50 Marks] - COMPULSORY

(a) Consider yourself a speaker at the inaugural UNZA Wealth Planning Summit (UWPS) and you are to make presentations on the following topics guided by the given outline.

(i) Topic A: FINANCIAL INTELLIGENCE FOR YOUNG ADULTS

- Pay Yourself First – 10%.
- You Need An Emergency Fund
- Know The Difference Between A Want And A Need
- Make A Budget And Stick To It
- Open A Compound Interest Retirement Savings Account That Allows You To Withdraw Your Money Tax-Free
- Think About Retirement.

[18 Marks]

(ii) Topic B: COMMON RETIREMENT PLANNING SCENARIOS

- No Retirement Income Strategy But With Many Physical Assets
- Unplanned Care Expenses Eating Away at Retirement Assets
- Paying Too Much in Retirement Plan Expenses Resulting in Deficits
- An Outdated Estate Plan e.g. after life-changing events (birth of child/grandchild, divorce, marriage, etc...).

[13 marks]

(b) You are given the following two assets on a stock exchange:

State	Probability	Returns (%)	
		Asset A	Asset B
1	0.15	19	26
2	0.25	22	15
3	0.20	27	24
4	0.40	31	12

(i) Given the above data, determine the global minimum variance portfolio for the two assets and calculate its expected return and variance. [14 marks]

You are given that optimal weight for asset A is : $w_{\min(A)} = \frac{Var_B - Cov(A,B)}{Var_A + Var_B - 2Cov(A,B)}$

(ii) Without making any calculations, explain the effect of a risk aversion coefficient of 5 and the inclusion of a risk-free asset to the composition of the ultimate invested portfolio. [5 marks]

Question Two [Total 25 Marks]

(a)
Following the financial crisis in 2008 a number of economists were interviewed and claimed that they had been expecting something like the crisis to occur; however, there was no record of them having expressed this opinion before the crisis.

(i) Describe the behaviour these economists were demonstrating. [4 marks]

An investor has been investing their own money for a period of years despite the fact that a better return could have been produced by investing the money in a risk-free investment that produced a modest income.

(ii) Outline five behaviours that may have led to the investor continuing to invest as had been done in the past. [7 marks]

An investment manager has to sell a number of stocks in the near future. They have decided to sell only those stocks that are trading above the price they paid for them and to make the sales the following Friday before they enjoy the weekend prior to a public holiday the following Monday.

(iii) Describe four behaviours that might account for these decisions. [6 marks]

(b) Outline the process for creating a regional or global index tracker fund and describe different benchmarks that can be used to evaluate its performance. [8 marks]

Question Three [Total 25 Marks]

(a) List any four domestic equities sector categories (giving at least one listed counter under each) that are evident on our local LuSE and briefly describe the investment characteristic of each. [8 marks]

(b) Explain why a fund that invests in domestic equities may use (fundamentals) analysts who specialise by industrial sectors. [8 marks]

(c) Describe the goals of an investment policy statement and the constraints faced in its implementation by the fund manager for an investor group of your choice. [9 marks]

Question Four [Total 25 Marks]

(a) Describe the rational expectations hypothesis and state its implications. [2 marks]

(b) Outline how technical analysis could be useful to active fund manager. [10 marks]

(c) The trustees of a pension scheme want to evaluate two active equity managers to ascertain which manager generates the higher return per unit of risk taken.

The table below sets out the managers' performance and the benchmark return over the year, as well as some summary statistics.

	Equity manager X	Equity manager Y	Benchmark Index	Risk free rate
Return	14% p.a.	18% p.a.	12% p.a.	6% p.a.
Standard Deviation	20% p.a.	25% p.a.	19% p.a.	
Correlation with benchmark	0.85	0.70	1.0	

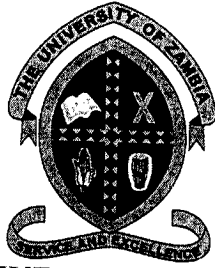
You are given that: $\beta_p = \frac{\rho_{p,m}\sigma_p\sigma_m}{\sigma_m^2}$

Treynor measure, Sharpe measure and Jensen measure

$$T_p = \frac{(\bar{r}_p - \bar{r}_f)}{\beta_p}, \quad S_p = \frac{(\bar{r}_p - \bar{r}_f)}{\sigma_p}, \quad \alpha_p = \bar{r}_p - [\bar{r}_f + \beta_p(\bar{r}_M - \bar{r}_f)]$$

- (i) Define Beta and determine its values for the above portfolios. [3 marks]
- (ii) Calculate the above risk adjusted performance measures for each equity manager. [6 marks]
- (iii) Comment on the results from part (ii) in relation to each equity manager. [2 marks]
- (iv) Comment on the choice of an appropriate risk-adjusted performance measure for each of the above funds. [2 marks]

*****END OF EXAMINATION*****



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS**

**MBA/MSc Sessional Examination
Wednesday 8th July 2020**

MBF6561 – DERIVATIVES AND ALTERNATIVE INVESTMENTS

Information for Candidates

1. Time Allowed: **3 hours**
2. Total Marks: 100
3. Special Requirements: - A non-programmable scientific calculator

Instructions to candidates

1. This Question Paper consists of **FOUR** Questions
2. Answer Question **ONE** and Choose **ANY TWO** other questions
3. Start the answer to each full question on a fresh page of the answer booklet.
4. Questions may be written in any order, but must be legibly numbered.
5. Write neatly and legibly, showing **ALL** your workings were necessary

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Question One

[Total 50 Marks] - COMPULSORY

Hwesa Life Co. Ltd. is seeking to improve the risk adjusted investment returns from its assets by investing in long-term illiquid **off-shore** assets. Currently Hwesa Life Co. Ltd. directly manages all of its assets. Hwesa Life Co. Ltd. has proposed to invest up to £1bn in commercial mortgage loans. Under a commercial mortgage loan money is lent to a special purpose company that owns one or more properties that provides collateral for the loan. The income after expenses produced by the one or more properties of the special purpose company funds the loan payments. Three examples of potential commercial mortgage loans are set out below:

(a) **Commercial mortgage loan:** £60m loan, ten-year term, coupon rate 5% p.a.; with the principal repayable as a lump sum at the end of the term.

Property: Large office located near a small town. The property is leased to Company R. It is currently valued at £80m with a current yield of 6% p.a.

When the property was constructed it won a number of awards for its design and architecture.

Lease: 14-year fixed lease to Company R with AA credit rating. There are no break clauses in the lease, the company is required to pay rent for the whole term of the lease. Company R is responsible for all taxes, repairs, maintenance and insurances in respect of the property.

Other information: Company R has three offices in total, each in different locations. Company R has experienced challenges in recruiting and retaining employees at this office. Average salaries are significantly higher at this office compared with its other offices.

(b) **Commercial mortgage loan:** 40% share of £100m loan, ten-year term, coupon rate 5% p.a.; with the principal repayable as a lump sum at the end of the term.

Property: Large office located centrally in a major city is leased to Company S. It is currently valued at £200m with an annual yield of 5% p.a.

Lease: 12-year lease has upwards only rent reviews which occur every four years. Company S has a BBB credit rating. There are no break clauses in the lease, the company is required to pay rent for the whole term of the lease.

Company S is responsible for all taxes, repairs, maintenance and insurances in respect of the property.

Other information: This office is Company S's headquarters. The special purpose company owning the property has been set up with an initial £15m cash balance. The owner of the special purpose company is restricted from withdrawing any money that would reduce the cash balance below £20m.

(c) **Commercial mortgage loan:** £40m loan, 15-year term, coupon rate 7% p.a. with the principal repayable during the term which, together with the coupons, gives rise to level payments throughout the term.

Property: A site with three large distribution warehouses located adjacent to a rail freight station and a key intersection for several major roads. The site is currently valued at £100m with a current annual yield of 9% p.a. The warehouses are leased separately to Companies T, V and W.

Lease: All three companies have 15-year fixed leases. There are no break clauses in the leases, the companies are required to pay rent for the whole term of their leases. The companies are responsible for all taxes, repairs, maintenance and insurances in respect of their individual warehouse.

Company T has a credit rating of A, Company V has a credit rating of BBB and Company W has a credit rating of BB.

Other information: As part of the project to evaluate the proposition to invest into commercial mortgage loans, Hwesa Life Co. Ltd. will analyse whether to directly manage the investments or to contract a third-party investment manager.

Required:

- (i) Identify the risks for commercial mortgage loans and offshore investments in general. [17 marks]
- (ii) Assess the suitability of each of the three example commercial mortgage loans for inclusion in an investment portfolio for Hwesa Life Co. Ltd. against a “private equity” option to invest into the leasing companies. [10 marks]
- (iii) Outline how the following can be implemented using the above three example commercial mortgage loans
- REITs [7 marks]
 - Securitisation through MBS [7 marks]
- (iv)
- (a) Describe what is meant by the “no arbitrage” assumption derivatives. [2 marks]
- (b) Over the next two years, a particular equity, currently priced at K700, will pay two cash dividends: interim one of K15 in three months and then a final dividend in nine months of K25, next year’s dividends are expected to be 15% and 35% higher respectively. The one-year risk-free rate is 17%, continuously compounded.

Given that: $K = (S_0 - I)e^{rT}$

Calculate the forward price of this contract over a one-year horizon. [7 marks]

Question Two [Total 25 Marks]

- (i) Distinguish between a “long call strip” and a “straddle” [3 marks]
- (ii) Explain the market conditions and investor opinion concerning the future share price underlying the adoption of each of the above strategies. [3 marks]
- (iii) A non-dividend paying share is currently priced at K100 and the volatility implied by one year term to maturity option on the share is 10%. The force of interest is 5%.

You are given the following results based on the Black – Scholes option pricing model.

	Strike Prices	Price of Call	Price of a put
A	100	6.80	
B	120	0.46	

(a) Calculate the prices for the corresponding put options given the same strike prices as the call option. [6 marks]

The put-call parity relationship is given by: $c_t + Ke^{-r(T-t)} = p_t + S_t$

(b) Calculate the overall profit/loss for a speculator Sophia holding call option A and put option B at maturity given that

- She borrowed money from a friend at 10% per annum simple to execute the strategy, and
- She hold all the options to maturity. [4 marks]

(c) Use the above data to draw pay-off diagrams for two option holdings that give rise to a “long call strip” and “straddle” scenarios. [3 marks]

(iv) Describe the term “netting” in currency risk management and illustrate in detail how it can be used buy a large by a large conglomerate corporation like Toyota. [6 marks]

Question Three [Total 25 Marks]

(i) Infrastructure tends to be separated into two broad subsets — **economic** and **social**.

Prepare a two page write-up to the NAPSA board outlining how infrastructure presents an investment opportunity for the pension fund. Specify the possible investments and how the return may be realised. [7 marks]

(ii) On April 20th, futures for crude oil’s US benchmark (WTI) went into negative territory [as shown in the figure below] – meaning for the first time in history, producers would pay traders to take oil off their hands.

(a) Discuss the possible futures and physical oil demand, supply and geographical settlement fundamentals around the sub-zero fall. [5 marks]

(b) With reference to a known case study, explain this would affect a traditional hedging strategies involving WTI oil [7 marks]

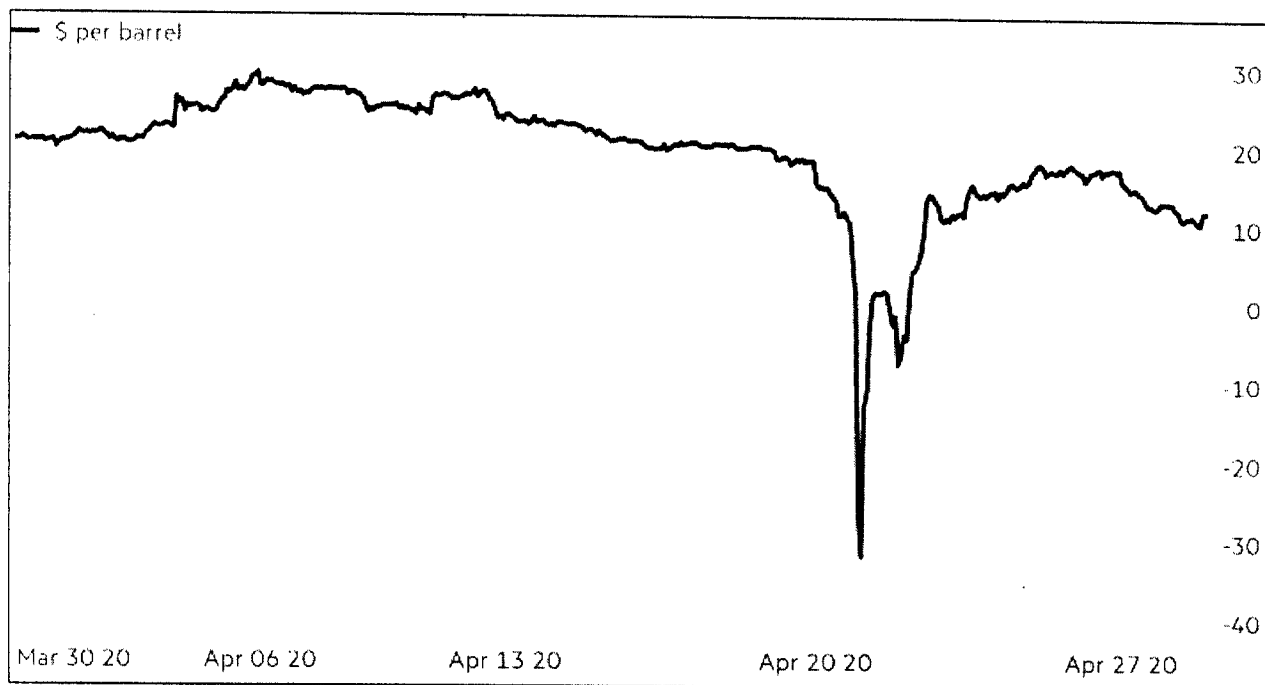


Figure 1: US oil benchmark dips again following sub-zero fall

Sources:

<https://www.ft.com/content/3eb1910e-cda0-4d10-a7e8-4ad0e48b3275>

<https://www.visualcapitalist.com/subzero-oil-price-crash-covid-19/>

(iii) Discuss the importance and drawbacks of the 'over-the-counter' market in the trading of derivatives instruments in general. [6 marks]

Question Four [Total 25 Marks]

(i) Write short notes outlining the differences in meaning and applications of the following pairs of terms.

- Holder vs writer [1 marks]
- Intrinsic value vs time value [2 marks]
- Minimum hedge ratio vs cross hedging [2 marks]
- Swaption vs forward rate agreements [2 marks]
- Open ended vs closed ended scheme [3 marks]
- Market neutral vs event driven funds [3 marks]

Consider a European call option with price c_t written on an underlying non-dividend paying security with price S_t at current time t .

(ii) State whether each of the following changes in underlying factors would increase or reduce the price of this option and explain each of your statements:

- (a) a fall in the price of the underlying security
- (b) an increase in the strike price of the option
- (c) an increase in the volatility of the underlying security price
- (d) a fall in the risk-free rate of interest

[You should assume that each change occurs on a standalone basis, i.e. all other factors are unchanged.] [4 marks]

Consider an option on a non-dividend-paying stock when the stock price is K50, the exercise price is K49, the continuously compounded risk-free rate of interest is 5% per annum, the volatility is 25% per annum, and the time to maturity is six months.

The Black-Scholes formula for a call and put option on a non-dividend paying security is

$$c_t = S_t \times \Phi(d_1) - K \times (\exp(-r \times (T-t))) \times \Phi(d_2)$$
$$p_t = K \times (\exp(-r \times (T-t))) \times \Phi(-d_2) - S_t \times \Phi(-d_1)$$

$$\text{where } d_1 = \{\ln(S_t/K) + (r + (\frac{1}{2}\sigma^2)) \times (T-t)\} / (\sigma \times \sqrt{(T-t)})$$
$$d_2 = d_1 - (\sigma \times \sqrt{(T-t)})$$

and

S_t = current price

σ = volatility

$T - t$ = time to expiry

K = strike price

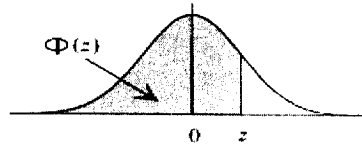
r = risk free rate

(iii) Calculate the price of the option using the Black-Scholes formula, if the option is a European call. [6 marks]

(v) Explain how the price of the contract in parts (iii) would change in the case of a dividend-paying underlying stock. [2 marks]

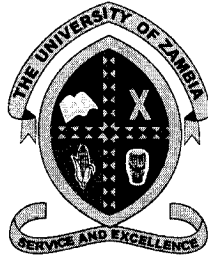
*****END OF EXAMINATION*****

TABLE 1: AREAS UNDER THE NORMAL CURVE



z	0.00	0.01	0.02	0.03	0.04	0.05	0.06	0.07	0.08	0.09
-3.4	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0003	0.0002
-3.3	0.0005	0.0005	0.0005	0.0004	0.0004	0.0004	0.0004	0.0004	0.0004	0.0003
-3.2	0.0007	0.0007	0.0006	0.0006	0.0006	0.0006	0.0006	0.0005	0.0005	0.0005
-3.1	0.0010	0.0009	0.0009	0.0009	0.0008	0.0008	0.0008	0.0008	0.0007	0.0007
-3.0	0.0013	0.0013	0.0013	0.0012	0.0012	0.0011	0.0011	0.0011	0.0010	0.0010
-2.9	0.0019	0.0018	0.0018	0.0017	0.0016	0.0016	0.0015	0.0015	0.0014	0.0014
-2.8	0.0026	0.0025	0.0024	0.0023	0.0023	0.0022	0.0021	0.0021	0.0020	0.0019
-2.7	0.0035	0.0034	0.0033	0.0032	0.0031	0.0030	0.0029	0.0028	0.0027	0.0026
-2.6	0.0047	0.0045	0.0044	0.0043	0.0041	0.0040	0.0039	0.0038	0.0037	0.0036
-2.5	0.0062	0.0060	0.0059	0.0057	0.0055	0.0054	0.0052	0.0051	0.0049	0.0048
-2.4	0.0082	0.0080	0.0078	0.0075	0.0073	0.0071	0.0069	0.0068	0.0066	0.0064
-2.3	0.0107	0.0104	0.0102	0.0099	0.0096	0.0094	0.0091	0.0089	0.0087	0.0084
-2.2	0.0139	0.0136	0.0132	0.0129	0.0125	0.0122	0.0119	0.0116	0.0113	0.0110
-2.1	0.0179	0.0174	0.0170	0.0166	0.0162	0.0158	0.0154	0.0150	0.0146	0.0143
-2.0	0.0228	0.0222	0.0217	0.0212	0.0207	0.0202	0.0197	0.0192	0.0188	0.0183
-1.9	0.0287	0.0281	0.0274	0.0268	0.0262	0.0256	0.0250	0.0244	0.0239	0.0233
-1.8	0.0359	0.0351	0.0344	0.0336	0.0329	0.0322	0.0314	0.0307	0.0301	0.0294
-1.7	0.0446	0.0436	0.0427	0.0418	0.0409	0.0401	0.0392	0.0384	0.0375	0.0367
-1.6	0.0548	0.0537	0.0526	0.0516	0.0505	0.0495	0.0485	0.0475	0.0465	0.0455
-1.5	0.0668	0.0655	0.0643	0.0630	0.0618	0.0606	0.0594	0.0582	0.0571	0.0559
-1.4	0.0808	0.0793	0.0778	0.0764	0.0749	0.0735	0.0721	0.0708	0.0694	0.0681
-1.3	0.0968	0.0951	0.0934	0.0918	0.0901	0.0885	0.0869	0.0853	0.0838	0.0823
-1.2	0.1151	0.1131	0.1112	0.1093	0.1075	0.1056	0.1038	0.1020	0.1003	0.0985
-1.1	0.1357	0.1335	0.1314	0.1292	0.1271	0.1251	0.1230	0.1210	0.1190	0.1170
-1.0	0.1587	0.1562	0.1539	0.1515	0.1492	0.1469	0.1446	0.1423	0.1401	0.1379
-0.9	0.1841	0.1814	0.1788	0.1762	0.1736	0.1711	0.1685	0.1660	0.1635	0.1611
-0.8	0.2119	0.2090	0.2061	0.2033	0.2005	0.1977	0.1949	0.1922	0.1894	0.1867
-0.7	0.2420	0.2389	0.2358	0.2327	0.2296	0.2266	0.2236	0.2206	0.2177	0.2148
-0.6	0.2743	0.2709	0.2676	0.2643	0.2611	0.2578	0.2546	0.2514	0.2483	0.2451
-0.5	0.3085	0.3050	0.3015	0.2981	0.2946	0.2912	0.2877	0.2843	0.2810	0.2776
-0.4	0.3446	0.3409	0.3372	0.3336	0.3300	0.3264	0.3228	0.3192	0.3156	0.3121
-0.3	0.3821	0.3783	0.3745	0.3707	0.3669	0.3632	0.3594	0.3557	0.3520	0.3483
-0.2	0.4207	0.4168	0.4129	0.4090	0.4052	0.4013	0.3974	0.3936	0.3897	0.3859
-0.1	0.4602	0.4562	0.4522	0.4483	0.4443	0.4404	0.4364	0.4325	0.4286	0.4247
0.0	0.5000	0.5040	0.5080	0.5120	0.5160	0.5199	0.5239	0.5279	0.5319	0.5359
0.1	0.5398	0.5438	0.5478	0.5517	0.5557	0.5596	0.5636	0.5675	0.5714	0.5753
0.2	0.5793	0.5832	0.5871	0.5910	0.5948	0.5987	0.6026	0.6064	0.6103	0.6141
0.3	0.6179	0.6217	0.6255	0.6293	0.6331	0.6368	0.6406	0.6443	0.6480	0.6517
0.4	0.6554	0.6591	0.6628	0.6664	0.6700	0.6736	0.6772	0.6808	0.6844	0.6879
0.5	0.6915	0.6950	0.6985	0.7019	0.7054	0.7088	0.7123	0.7157	0.7190	0.7224
0.6	0.7257	0.7291	0.7324	0.7357	0.7389	0.7422	0.7454	0.7486	0.7517	0.7549
0.7	0.7580	0.7611	0.7642	0.7673	0.7704	0.7734	0.7764	0.7794	0.7823	0.7852
0.8	0.7881	0.7910	0.7939	0.7967	0.7995	0.8023	0.8051	0.8078	0.8106	0.8133
0.9	0.8159	0.8186	0.8212	0.8238	0.8264	0.8289	0.8315	0.8340	0.8365	0.8389
1.0	0.8413	0.8438	0.8461	0.8485	0.8508	0.8531	0.8554	0.8577	0.8599	0.8621
1.1	0.8643	0.8665	0.8686	0.8708	0.8729	0.8749	0.8770	0.8790	0.8810	0.8830
1.2	0.8849	0.8869	0.8888	0.8907	0.8925	0.8944	0.8962	0.8980	0.8997	0.9015
1.3	0.9032	0.9049	0.9066	0.9082	0.9099	0.9115	0.9131	0.9147	0.9162	0.9177
1.4	0.9192	0.9207	0.9222	0.9236	0.9251	0.9265	0.9279	0.9292	0.9306	0.9319
1.5	0.9332	0.9345	0.9357	0.9370	0.9382	0.9394	0.9406	0.9418	0.9429	0.9441
1.6	0.9452	0.9463	0.9474	0.9484	0.9495	0.9505	0.9515	0.9525	0.9535	0.9545
1.7	0.9554	0.9564	0.9573	0.9582	0.9591	0.9599	0.9608	0.9616	0.9625	0.9633
1.8	0.9641	0.9649	0.9656	0.9664	0.9671	0.9678	0.9686	0.9693	0.9699	0.9706
1.9	0.9713	0.9719	0.9726	0.9732	0.9738	0.9744	0.9750	0.9756	0.9761	0.9767
2.0	0.9772	0.9778	0.9783	0.9788	0.9793	0.9798	0.9803	0.9808	0.9812	0.9817
2.1	0.9821	0.9826	0.9830	0.9834	0.9838	0.9842	0.9846	0.9850	0.9854	0.9857
2.2	0.9861	0.9864	0.9868	0.9871	0.9875	0.9878	0.9881	0.9884	0.9887	0.9890
2.3	0.9893	0.9896	0.9898	0.9901	0.9904	0.9906	0.9909	0.9911	0.9913	0.9916
2.4	0.9918	0.9920	0.9922	0.9925	0.9927	0.9929	0.9931	0.9932	0.9934	0.9936
2.5	0.9938	0.9940	0.9941	0.9943	0.9945	0.9946	0.9948	0.9949	0.9951	0.9952
2.6	0.9953	0.9955	0.9956	0.9957	0.9959	0.9960	0.9961	0.9962	0.9963	0.9964
2.7	0.9965	0.9966	0.9967	0.9968	0.9969	0.9970	0.9971	0.9972	0.9973	0.9974
2.8	0.9974	0.9975	0.9976	0.9977	0.9977	0.9978	0.9979	0.9979	0.9980	0.9981
2.9	0.9981	0.9982	0.9982	0.9983	0.9984	0.9984	0.9985	0.9985	0.9986	0.9986
3.0	0.9987	0.9987	0.9987	0.9988	0.9988	0.9988	0.9989	0.9989	0.9990	0.9990
3.1	0.9990	0.9991	0.9991	0.9991	0.9992	0.9992	0.9992	0.9992	0.9993	0.9993
3.2	0.9993	0.9993	0.9994	0.9994	0.9994	0.9994	0.9995	0.9995	0.9995	0.9995
3.3	0.9995	0.9995	0.9995	0.9996	0.9996	0.9996	0.9996	0.9996	0.9996	0.9997
3.4	0.9997	0.9997	0.9997	0.9997	0.9997	0.9997	0.9997	0.9997	0.9997	0.9998

α	z_α
$\alpha = 1 - \Phi(z_\alpha)$	
0.10	1.2816
0.05	1.6449
0.025	1.9600
0.010	2.3263
0.005	2.5758



THE UNIVERSITY OF ZAMBIA GRADUATE SCHOOL OF BUSINESS

Postgraduate Deferred Examination

February 2020

MBS 5022: STRATEGIC MANAGEMENT

Instructions

Time Allowed: **3 hours**

There **Five (5)** questions in this paper

You are required to answer **four (4)** questions

Section A is **compulsory**

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

Section A: Read the case below and answer the questions that follow

Levi Strauss: jean therapy?

Levi Strauss is a privately owned company based in San Francisco in the United States. For much of the latter half of the twentieth century its traditional blue riveted '501' denim jeans – worn originally by gold-miners and cowboys – had been the world's favourite pair of trousers. As a global brand name the 501 was almost without equal and had been popularised by cult movie stars such as James Dean, Marilyn Monroe and Marlon Brando. Its image had always been that of a sexy and youthful product worn by the rebellious; this had helped to make 501s popular with people of all ages in all countries.

As one of the last major American clothing companies to maintain a significant manufacturing base in the United States, Levi Strauss had been an important contributor to the US economy in symbolic as well as economic terms. Its announcement in February 1999 that it was to close half of its North American plants with the loss of around 6000 jobs (about one-third of its workforce) represented a blow to an industry which had been in decline for some time in the face of overseas competition. Coming on the back of the 7500 jobs shed the previous year by the company, the new redundancies had a significant impact in those areas of the United States and Canada where Levi factories were located.

The turnaround in Levi's fortunes provides a good illustration of how an evolving business environment can impact on an organisation, particularly if it fails to recognise and respond to changing external circumstances. In this case the problem seems to be that the company was slow to recognise changes in fashion tastes; in effect it appears to have taken its market for granted and forgotten about the importance of the needs and wants of its customers, many of whom were switching to alternative products such as combat, cargo and utility trousers. For those buyers who still remained loyal to jeans, competition from imported Japanese products and designer brands such as Tommy Hilfiger and Calvin Klein had further eroded Levi's formerly dominant position. In 1997, for example, Levi faced a 4 per cent cut in sales; in 1998 this increased to 13 per cent.

Press speculation at the time suggested that Levi might respond to the competitive challenge by moving its manufacturing facilities overseas in order to reduce its costs.

Subsequently, in September 2003 the decision was announced that the company was to close its remaining manufacturing and finishing plants in North America as part of a move away from its

owned-and-operated manufacturing system. To remain competitive Levi Strauss felt it needed to focus its resources on product design and development, sales, marketing and improving its retail customer relationships. Production from its North American plants was to be shifted to the company's global sourcing network.

Question One

- a) Conduct a SWOT analysis for Levi Strauss. (12 marks)
- b) Identify and explain any two (2) strategy you could have used if you were the manager of Levi Strauss and give a justification. (13 marks)

Question Two

- a) According to Michael Porter's five forces, 'The threat of new entrants depends on the barriers to entry.' Explain any five (5) factors that may act as barriers to entry for new firms. (15 marks)
- b) Explain the rationale for pursuing an international market strategy. What are the pitfalls of such a strategy? (10 marks)

Total: 50 marks

Section B: Answer Any Two (2) Questions

Question Three

Identify and describe any four strategic approaches/alternatives to achieving a sustainable competitive advantage. Provide examples of businesses that have succeeded.

(25 marks)

Question Four

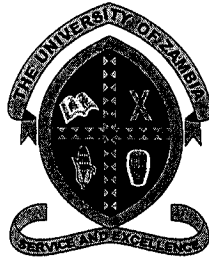
- a) Discuss the factors which have contributed to the growing concern of business to corporate social responsibility. (5 marks)
- b) Identify any five (5) typical stakeholders of an organization, and explain how they affect the purpose and management of it. (20 marks)

Total: 25 marks

Question Five

- a) Discuss any four (4) issues that should be addressed during strategy implementation. (20 marks)
- b) Outline any four (4) barriers that might impede successful implementation of strategy. (5 marks)

Total: 25 marks



THE UNIVERSITY OF ZAMBIA GRADUATE SCHOOL OF BUSINESS

Postgraduate Sessional Examination

Monday 29th June 2020

MBS 5022: STRATEGIC MANAGEMENT

Instructions

Time Allowed: 3 hours

There Seven (7) questions in this paper

You are required to answer five (5) questions

Section A: Compulsory

Section B: Answer any three (3) questions

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

SECTION A: COMPULSORY

READ THE CASE BELOW AND ANSWER THE QUESTIONS THAT FOLLOW

ZODIAC: INFLATABLE DIVERSIFICATIONS

An organisation may seek the benefits of synergies by building a portfolio of businesses through related diversification

The Zodiac Company was founded near Paris, France, in 1896 by Maurice Mallet just after his first hot-air balloon ascent. For 40 years, Zodiac manufactured only dirigible airships. In 1937, the German Zeppelin Hindenburg crashed near New York, which abruptly stopped the development of the market for airships. Because of the extinction of its traditional activity, Zodiac decided to leverage its technical expertise and moved from dirigibles to inflatable boats. This diversification proved to be very successful: in 2004, with over 1 million units sold in 50 years, the Zodiac rubber dinghy (priced at approximately A10,000 (£7,000)) was extremely popular worldwide. However, because of increasing competition, especially from Italian manufacturers, Zodiac diversified its business interests. In 1978, it took over Aerazur, a company specialising in parachutes, but also in life vests and inflatable life rafts. These products had strong market and technical synergies with rubber boats and their main customers were aircraft manufacturers. Zodiac confirmed this move to a new market in 1987 by the takeover of Air Cruisers, a manufacturer of inflatable escape slides for aircraft. As a consequence, Zodiac became a key supplier to Boeing, McDonnell Douglas and Airbus. Zodiac strengthened this position through the takeover of the two leading manufacturers of aircraft seats: Sicma Aero Seats from France and Weber Aircraft from the USA. In 1997, Zodiac also took over, for A150m, MAG Aerospace, the world leader for aircraft vacuum waste systems. Finally, in 1999, Zodiac took over Inter-technique, a leading player in active components for aircraft (fuel circulation, hydraulics, oxygen and life support, electrical power, flight-deck controls and displays, systems monitoring, etc.). By combining these competences with its traditional expertise in inflatable products, Zodiac launched a new business unit: airbags for the automobile industry. In parallel to these diversifications, Zodiac strengthened its position in inflatable boats by the takeover of several competitors: Bombard L'Angevinière in 1980, Sevylor in 1981, Hurricane and Metzeler in 1987. Finally, Zodiac developed a swimming-pool business. The first product line, back in 1981, was based on inflatable structure technology, and Zodiac later moved – again through takeovers – to rigid above-ground pools, modular in-ground pools, pool cleaners and water purification systems, inflatable beach gear and air mattresses. In 2003, total sales of the

Zodiac group reached A1.48bn with a net profit of A115m. Zodiac was a very international company, with a strong presence in the USA. It was listed on the Paris Stock Exchange and rumours of takeovers from powerful US groups were frequent. However, the family of the founder, institutional investors, the management and the employees together held 55 per cent of the stocks. Far above the marine and the leisure businesses, aircraft products accounted for almost 75 per cent of the total turnover of the group. Zodiac held a 40 per cent market share of the world market for some airline equipment: for instance, the electrical power systems of the new Airbus A380 were Zodiac products. In 2004, Zodiac even reached Mars: NASA Mars probes Spirit and Opportunity were equipped with Zodiac equipment, developed by its US subsidiary Pioneer Aerospace.

Question One

- a) What were the bases of the synergies underlying each of Zodiac's diversifications? (12 marks)
- b) What are the advantages and potential dangers of such a basis of diversification? (8 marks)

Question Two

- a) Outline the benefits and risks of Acquisitions and Mergers. (8 marks)
- b) Describe any four (4) external environmental factors that can have an influence on Zodiac. (12 marks)

Total: 40 marks

SECTION B: ANSWER ANY THREE (3) QUESTIONS

Question Three

Describe the strategic directions a company can pursue using Ansoff matrix (intensive strategies), use practical examples of businesses that have used these strategies successfully. (20 marks)

Question Four

There are a number of options for structuring an organisation, depending on a number of factors, such as, the nature of product offering or the size of the organisation.

Identify any four (4) of these structures and for each of these outline advantages and disadvantages, and a graphical illustration. (20 marks)

Question Five

The product lifecycle is a model that shows how sales volume changes over the life of products. Understanding the four stages in the product life cycle helps managers recognize that strategies need to evolve over time.

- a) Describe any four (4) stages of the product life cycle. (8 marks)
- b) Identify and explain strategies appropriate at each stage of the life cycle that managers can adopt. (12 marks)

Total: 20 marks

Question Six

- a) Outline any three (3) pitfalls in strategic planning that all managers should watch out for. (6 marks)
- b) Explain any four (4) issues in strategy implementation and give any two (2) reasons why implementation may fail. (14 marks)

Total: 20 marks

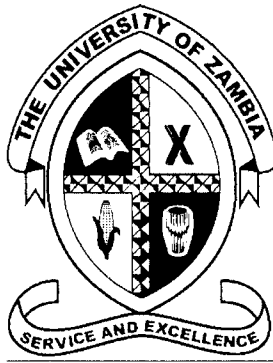
Question Seven

The world is fast shrinking into one big global market and most business firms are aligning their strategies in order to gain or increase their share on the global market.

- a) Explain any four (4) factors that a business needs to take into consideration as it plans to enter international markets. (12 marks)
- b) What is environmental sustainability? And why is it a strategic issue? (8 marks)

Total: 20 marks

End of exam!



THE UNIVERSITY OF ZAMBIA

Graduate School of Business

UNIVERSITY POST GRADUATE EXAMINATIONS (SUP/DEF)

MBS6021–PROJECT MANAGEMENT
JANUARY 2020

TIME : Three (3) hours

INSTRUCTIONS :: Answer Question 1 and any other four questions

All Questions Carry Equal Marks

QUESTION 1

1. The project life cycle is comprised of which of the following?
 - A. Phases
 - B. Milestones
 - C. Estimates
 - D. Activities

2. Marcy, the project manager for the ERP Project, is about to complete the Project Phase Review. The completion of a project phase is also known as which of the following?
 - A. Lessons learned
 - B. Kill points
 - C. Earned Value Management
 - D. Conditional advancement

3. Which of the following is not a key stakeholder in a project that creates a service internal to an organization?
 - A. Project manager
 - B. External customers
 - C. Project vendors
 - D. Project team members

4. Of the following management skills, which will a project manager use most?
 - A. Leading
 - B. Communication
 - C. Influencing the organization
 - D. Negotiations

5. Managing is best described as which one of the following?
 - A. Establishing direction
 - B. Functional controls over the project team and stakeholders
 - C. Consistently producing key results expected by stakeholders
 - D. Motivating and inspiring the project team to produce results that are expected by project stakeholders

6. The ongoing process of project planning is also known as _____.
 - A. Constant integration planning
 - B. Rolling wave planning
 - C. Continuous planning
 - D. Phase gates

7. You are the project manager for the AQA Project. You would like to include several

of the customers in the project planning sessions. Your project leader would like to know why the stakeholders should be involved-your project team will be determining the best method to reach the project objectives. You should include the stakeholders because _____.

- A. It generates goodwill between the project team and the stakeholders
 - B. It allows the stakeholders to see the project manager as the authority of the project
 - C. It allows the project team to meet the stakeholders and express their concerns regarding project constraints
 - D. It allows the stakeholders to realize the shared ownership of the project
8. You have requested that several of the stakeholders participate in the different phases of the project. Why is this important?
- A. It prevents scope creep.
 - B. It allows for scope constraints.
 - C. It improves the probability of satisfying the customer requirements.
 - D. It allows for effective communications.
9. The information from the planning phase is input into which of the following processes?
- A. Initiating
 - B. Controlling
 - C. Executing
 - D. Closing
10. The information from the initiating phase is input into which of the following processes?
- A. A. Planning
 - B. Executing
 - C. Controlling
 - D. All of the project phases
11. You are the project manager of the MMB Project. The president of the company has spoken to the project team and told them the confidence and respect he has in you to lead the project to a successful completion. The project manager has what type of power on this project?
- A. Formal power
 - B. Coercive power
 - C. Expert power
 - D. Halo power
12. Management has approached Tyler, one of your project team members. Tyler is a database administrator and developer, whose work is always on time, accurate, and of quality. He also has a reputation of being a "good guy" and is well liked. Because of this,

management has decided to move Tyler into the role of a project manager for a new database administration project. This is an example of which of the following?

- A. Management by exception
- B. The halo effect
- C. Management by objectives
- D. McGregor's Theory of X and Y

13. Susan is the project manager for the PMG Project. She makes all decisions on the project team regardless of the project team objections. This is an example of which of the following management styles?

- A. Autocratic
- B. Democratic
- C. Laissez faire
- D. Exceptional

14. Which problem-solving technique is the best for most project management situations?

- A. Confronting
- B. Compromising
- C. Forcing
- D. Avoidance

15. Harold is a very outspoken project team member. All of the project team members respect Harold for his experience with the technology, but often things have to go in Harold's favor or things do not go well. During a discussion on a solution, a project team member waves her arms and says, "Fine, Harold, do it your way." This is an example of which of the following?

- A. A win-win solution
- B. A leave-lose solution
- C. A lose-lose solution
- D. A yield-lose solution

16. Which of the following is an output of scope change control?

- A. Workarounds
- B. Corrective action
- C. Transference
- D. Risk assessment

17. You are the project manager for the JHG Project. Your project is to create a new product for your industry. You have recently learned your competitor is also working on a similar project but their offering will include a computer-aided program and web-based tools, which the project does not offer. You have implemented a change request to update your project. This

is an example of which of the following?

- A. A change due to an error and omission in the initiation phase
 - B. A change due to an external event
 - C. A change due to an error or omission in the planning phase
 - D. A change due to a legal issue
18. You are the project manager for a pharmaceuticals company. A new government regulation will change your project scope. For the project to move forward and be in accordance with the new regulation, your next action should be?
- A. Prepare a new baseline to reflect the government changes
 - B. Notify management
 - C. Present the change to the CCB
 - D. Create a feasibility study
19. You have finished the project scope according to plan. For the customer to accept the project what must happen next?
- A. Nothing. The plan is complete so the project is complete.
 - B. Scope verification should be conducted
 - C. Lessons learned should be finalized
 - D. Proof-of-concept should be implemented
20. You are the project manager for an airplane manufacturer. Your project concerns the development of lighter, stronger material for commercial jets. As the project moves towards completion, the material is defined in more detail after each phase of materials testing. This is an example of which of the following?
- A. Program management
 - B. Progressive elaboration
 - C. Quality assurance
 - D. Regulatory guidelines

[20 MARKS]

QUESTION 2

a) Swanson Industries has a project with the following projected cash flows:

- i. Initial Cost, Year 0: \$240,000
- ii. Cash flow year one: \$25,000
- iii. Cash flow year two: \$75,000
- iv. Cash flow year three: \$150,000
- v. Cash flow year four: \$150,000

Using a 10% discount rate for this project and the NPV model should this project be accepted or rejected?

10 marks

b) For each row on the following chart, enter the letter of the project you would select based on the information provided.

	Project A	Project B	Which project would you pick
Net present value	\$95,000	\$75,000	
IRR	13 percent	17 percent	
Payback period	16 months	21 months	
Benefit cost ratio	2.79	1.3	

4 marks

c) Why should an organization not rely only on ROI to select projects?

6 marks

QUESTION 3

Mini-Case Study: Project Management at Kombs Engineering

In June 1993, Kombs Engineering had grown to a company with \$25 million in sales. The business base consisted of two contracts with the U.S. Department of Energy (DOE), one for \$15 million and one for \$8 million. The remaining \$2 million consisted of a variety of smaller jobs for \$15,000 to \$50,000 each

The larger contract with DOE was a five-year contract for \$15 million per year. The contract was awarded in 1988 and was up for renewal in 1993. DOE had made it clear that, although they were very pleased with the technical performance of Kombs, the follow-on contract must go through competitive bidding by law. Marketing intelligence indicated that DOE intended to spend \$10 million per year for five years on the follow-on contract with a tentative award date of October 1993

On June 21, 1993, the solicitation for proposal was received at Kombs. The technical requirements of the proposal request were not considered to be a problem for Kombs. There was no question in anyone's mind that on technical merit alone, Kombs would win the contract. The more serious problem was that DOE required a separate section in the proposal on how Kombs would manage the \$10 million/year project as well as a complete description of how the project management system at Kombs functioned

When Kombs won the original bid in 1988, there was no project management requirement. All projects at Kombs were accomplished through the traditional organizational structure. Line managers acted as project leaders.

In July 1993, Kombs hired a consultant to train the entire organization in project management. The consultant also worked closely with the proposal team in responding to the DOE project management requirements. The proposal was submitted to DOE during the second week of August. In September 1993, DOE provided Kombs with a list of questions concerning its proposal. More than 95 percent of the questions involved project management. Kombs responded to all questions

In October 1993, Kombs received notification that it would not be granted the contract. During a post-award conference, DOE stated that they had no “faith” in the Kombs project management system. Kombs Engineering is no longer in business

QUESTIONS

Comment on the following aspects of the case study:

a) What was the reason for the loss of the contract?

[5 MARKS]

b) Could it have been averted? Justify your answer.

[7 MARKS]

c) Does it seem realistic that proposal evaluation committees could consider project management expertise to be as important as technical ability?

[8 MARKS]

QUESTION 4

The activities, their durations and precedences for designing, writing and installing a **Innovations** computer database are shown in Table Q4.

TableQ4 Innovations computer database activities

	<i>Activity</i>	<i>Duration in weeks</i>	<i>Activities that must be completed before it can start</i>
1	Contract negotiation	1	–
2	Discussions with main users	2	1
3	Review of current documentation	5	1
4	Review of current systems	6	2
5	Systems analysis (a)	4	3, 4
6	Systems analysis (b)	7	5
7	Programming	12	5
8	Testing (prelim)	2	7
9	Existing system review report	1	3, 4
10	System proposal report	2	5, 9
11	Documentation preparation	19	5, 8
12	Implementation	7	7, 11
13	System test	3	12
14	Debugging	4	12
15	Manual preparation	5	11

a) By use of network analysis determine is the earliest time that the operation might be completed?

[15 MARKS]

b) Which of the activities are on the critical path?

[5 MARKS]

QUESTION 5

CompuX Systems is a small information systems consulting firm located in Kabulonga, Lusaka. CompuX has just been hired to design and install a local area network (LAN) for the city of Lusaka's social welfare agency. You are the manager for the project, which includes one CompuX professional and two interns from a local university. You have just finished a preliminary scope statement for the project (see below).

PROJECT SCOPE STATEMENT

PROJECT OBJECTIVE

To design and install a new local area network (LAN) within one month with a budget not to exceed K900,000 for the Lusaka Social Service Agency with minimum disruption to ongoing operations.

DELIVERABLES

- Twenty workstations and twenty laptop computers.
- Server with dual-core processors.
- Two color laser printers.
- Windows R2 server and workstation operating system (Windows 10).
- Migration of existing databases and programs to new system.
- Four hours of introduction training for client's personnel.
- Sixteen hours of training for client network administrator.
- Fully operational LAN system.

MILESTONES

1. Hardware August 22.
2. Setting users' priority and authorization August 26.
3. In-house whole network test completed September 1.
4. Client site test completed September 2.
5. Training completed September 16.

TECHNICAL REQUIREMENTS

1. Workstations with 17-inch flat panel monitors, dual-core processors, 4 GB RAM, 8X DVD+RW, wireless card, Ethernet card, 500 GB hard drive.
2. Laptops with 12-inch display monitor, dual-core processors, 2GB RAM, 8X DVD+RW, wireless card, Ethernet card, 500 GB hard drive and weigh less than 2 kg.
3. Wireless network interface cards and Ethernet connections.
4. System must support Windows 11 platforms.

5. System must provide secure external access for field workers.

LIMITS AND EXCLUSIONS

1. On-site work to be done after 8:00 p.m. and before 7:00 a.m. Monday through Saturday.
2. System maintenance and repair only up to one month after final inspection.
3. Warranties transferred to client.
4. Only responsible for installing software designated by the client two weeks before the start of the project.
5. Client will be billed for additional training beyond that prescribed in the contract.

CUSTOMER REVIEW

Director of the city of Lusaka’s Social Service Agency.

You are now brainstorming potential risks associated with the project.

- a) 1. Identify potential risks associated with this project. Try to come up with at least four different risks. **[4 MARKS]**
- b) Draw a risk register (log) and populate it with the four perceived risks. Analyse these risks and rank them. **[16 MARKS]**

QUESTION 6

You have a project to plant corn in 4 fields each having an area of 20 ha (200000 m²). Each field is to take one day to plant, and \$1,000 has been budgeted per field. The fields were planned to be planted one after the other. Today is the end of day 3. Using the following project status chart, calculate PV, EV, etc., in the spaces provided.

Activity	Day1	Day 2	Day 3	Day4	Status at the end of day 3
Field1	S-----F				Complete, spent \$1000
Field 2		S-----PF	-----F		Complete spent \$1200
Field 3			PS--S--PF		50% done spent \$600
Field 4				PS--PF	Not Yet Started
Key S Start PS planned start F Finish PF Planned Finish					

	What	Calculation	Answer	Interpretation of the answer
a	PV			
b	EV			
c	AC			
d	BAC			
e	CV			
f	CPI			
g	SV			
h	SPI			
i	EAC			
j	ETC			

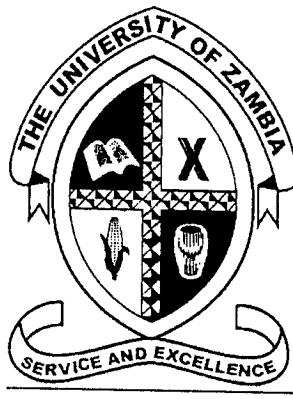
[20 MARKS]

Answer Sheet section A

Computer No. _____

1	a	b	c	d	e
2	a	b	c	d	e
3	a	b	c	d	e
4	a	b	c	d	e
5	a	b	c	d	e
6	a	b	c	d	e
7	a	b	c	d	e
8	a	b	c	d	e
9	a	b	c	d	e
10	a	b	c	d	e
11	a	b	c	d	e
12	a	b	c	d	e
13	a	b	c	d	e
14	a	b	c	d	e
15	a	b	c	d	e
16	a	b	c	d	e
17	a	b	c	d	e
18	a	b	c	d	e
19	a	b	c	d	e
20	a	b	c	d	e

END OF EXAMINATION PAPER



THE UNIVERSITY OF ZAMBIA

Graduate School of Business

UNIVERSITY POST GRADUATE EXAMINATIONS

MBS6021–PROJECT MANAGEMENT
JULY 2020

TIME : Three (3) hours

INSTRUCTIONS :: Answer Question 1 and any other four questions

All Questions Carry Equal Marks

QUESTION 1

- 1) Your team is confused because they use terminology and words in project communications that appear to have interchangeable meanings, but other teams treat these terms as though they have specific, unique meanings. How can your team find out what the terms mean?
 - a) Designing a new software solution.
 - b) Building a new house.
 - c) Regularly achieving 3% growth on last year's sales figures.
 - d) Implementing a new business process or procedure.

- 2) You are delivering an introduction to a project management training session to new team members. One team member appears confused about the exact definition of a project. What is the BEST definition of a project?
 - a) A temporary endeavor undertaken to create a unique product, service, or result.
 - b) A body of work constrained by finances and time.
 - c) An organized effort of work by a team managed by a project manager.
 - d) The ongoing management of a business enterprise to achieve profitability.

- 3) Your team seems confused about whether the work they are doing meets the definition of a project. To help them understand the difference between projectized and operational work you give them the following examples. Which of the following is not an example of a project?
 - a) Designing a new software solution.
 - b) Building a new house.
 - c) Regularly achieving 3% growth on last year's sales figures.
 - d) Implementing a new business process or procedure.

- 4) You are planning to sit the PMP ® examination and as part of your study are referring to the PMBOK ® Guide for help in defining the project process groups. Which of the following is not one of the five process groups in the PMBOK ® Guide?
 - a) Closing
 - b) Checking
 - c) Initiating
 - d) Executing

- 5) You are the project manager on a project to develop a new piece of customer management software for an external client. Through your approved change control process you are considering a request to alter the scope of the project. While considering the impact of the request on the project scope, you must also consider the impact on other areas of the project such as quality, schedule, budget, and risk. These other areas that you are considering represent what to the project?
- a) Opportunities
 - b) Constraints
 - c) Constrictions
 - d) Risks
- 6) You are in the process of developing your project closure checklist and selecting those items and actions that need to be completed to ensure your project is closed properly. A team member asks to help you do this work and asks how you know a project can be closed. A project can be considered finished under all of the following conditions except?
- a) When the project manager resigns.
 - b) When the project objectives have been achieved.
 - c) When the project is terminated because its objectives will not or cannot be met.
 - d) When the need for the project no longer exists.
- 7) During the preparation of the business case for your project you outline and document several different compelling reasons why your project should proceed. These reasons include the high ROI, delivering strategic value, and an increase in business value. What is the BEST definition of business value?
- a) The value of company's tangible assets, which can be liquidated to provide working capital.
 - b) The value added to the business by projects that are completed successfully.
 - c) The value of the total sum of all tangible and intangible elements of the business.
 - d) The value of all of the projects that the company is currently completing.

- 8) You are explaining to your team that all changes on your project must be documented and assessed in relation to any extra costs incurred. This is particularly important at what point in a project's timeline?
- a) At the beginning of the project.
 - b) Towards the end of the project.
 - c) During the project execution.
 - d) It is equal throughout a project.
- 9) You are involved in making choices about resource allocation on your project, making trade-offs among competing objectives and alternatives, and managing the interdependencies among the different project management knowledge areas. Of which of the PMBOK ® Guide knowledge areas will it be most useful to have an in-depth understanding?
- a) Develop Project Management Plan
 - b) Project Integration Management
 - c) Project Risk Management
 - d) Perform Integrated Change Control
- 10) The processes that describe the work required to ensure that the project includes all the work and only the work required to complete the project successfully are collectively known as what?
- a) Project scope management
 - b) Project baseline delivery
 - c) Project specification delivery
 - d) Project management execution

- 11) You are the project manager of the MMB Project. The president of the company has spoken to the project team and told them the confidence and respect he has in you to lead the project to a successful completion. The project manager has what type of power on this project?
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 - d) McGregor’s Theory of X and Y
- 13) Susan is the project manager for the PMG Project. She makes all decisions on the project team regardless of the project team objections. This is an example of which of the following management styles?
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 - b) Democratic
 - c) Laissez faire
 - d) Exceptional
- 14) Which problem-solving technique is the best for most project management situations?
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 - b) Compromising
 - c) Forcing
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- 15) Harold is a very outspoken project team member. All of the project team members respect Harold for his experience with the technology, but often things have to go in Harold's favor or things do not go well. During a discussion on a solution, a project team member waves her arms and says, "Fine, Harold, do it your way." This is an example of which of the following?
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- 18) You are the project manager for a pharmaceuticals company. A new government regulation will change your project scope. For the project to move forward and be in accordance with the new regulation, your next action should be?
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- 20) You are the project manager for an airplane manufacturer. Your project concerns the development of lighter, stronger material for commercial jets. As the project moves towards completion, the material is defined in more detail after each phase of materials testing. This is an example of which of the following?
- a) Program management
 - b) Progressive elaboration
 - c) Quality assurance
 - d) Regulatory guidelines

[20 MARKS]

QUESTION 2

Mulenga Incorporated uses discounted payback period (net present value) for projects under K25,000 and has a cut off period of 4 years for these small value projects. Two projects, R and S are under consideration. The anticipated cash flows for these two projects are listed below. If Mulenga Incorporated uses an 8% discount rate on these projects are they accepted or rejected? If they use a 16% discount rate? Why is it necessary to only look at the first four years of the projects' cash flows?

Cash Flows	Project R	Project S
<i>Initial Cost</i>	K24,000	K18,000
<i>Cash flow year one</i>	K6,000	K9,000
<i>Cash flow year two</i>	K8,000	K6,000
<i>Cash flow year three</i>	K10,000	K6,000
<i>Cash flow year four</i>	K12,000	K3,000

[15+5 MARKS]

QUESTION 3

The EIZ holds a national symposium every August of each year. However due to the COVID 19 it has been moved 15th December 2020. The symposium is organised by the EIZ secretariat. During the past three years, the attendance and quality of these National Symposia has been going down. An assessment has revealed that the main causes for this has been lack of communication, low quality of papers presented, absence of proceedings, and a reduction of paid up members. For this year's National Symposium, the EIZ Council has therefore decided to appoint a professional project manager to manage the National Symposium in this difficult period of COVID 19. It is also envisaged that a successful National Symposium would create awareness and contribute to membership building.

Project Brief

The EIZ contracted the project manager to manage the National Symposium and exhibition to be held over three days during the usual month of August. Specifically, the project manager will be responsible for planning, organising, coordinating and controlling the project.

The Institute has allocated an amount of K15,000,000 for initial expenditure, but this has to be paid back out of the Symposium and exhibition proceeds. Companies have been approached for sponsorship and K15,000,000 has been raised. Funding over and above these amounts is to be generated through the Symposium and exhibition fees.

The Institute expects the Symposium and exhibition to realize a net profit of at least K50,000,000.

To achieve this target, at least 100 Symposium delegates and 20 exhibitors are needed. A minimum of 20 new members are expected to enroll as a result of the proceedings. Over the three-day period, approximately 2,000 visitors are expected to visit the exhibition.

To attract both members and non-members, a quality professional programme highlighting nationally-known engineers as well as an international keynote speaker is planned. The project start date is 1 July and it is estimated to take 5 months.

- a) As the project manager you are required to draw up a project charter capturing the above parameters, for the EIZ management to approve.

[15 MARKS]

- b) What would the priorities likely be for this project?

[5 MARKS]

QUESTION 4

The activities, their durations and precedences for a generic project for testing a project management software are shown in Table Q4.

Table Q4 generic project

Activity	Preceding activity	Estimate in months
Start		0
D	Start	4
A	Start	6
F	D, A	7
E	D	8
G	F, E	5
B	F	5
H	G	7
C	H	8
End	C, B	0

- a) By use of network analysis determine is the earliest time that the operation might be completed?

[15 MARKS]

- a) Which of the activities are on the critical path?

[5 MARKS] QUESTION 5

CompuX Systems is a small information systems consulting firm located in Kabulonga, Lusaka. CompuX has just been hired to design and install a local area network (LAN) for the city of Lusaka's social welfare agency. You are the manager for the project, which includes one CompuX professional and two interns from a local university. You have just finished a preliminary scope statement for the project (see below).

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- Fully operational LAN system.

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1. Hardware August 22.
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5. Client will be billed for additional training beyond that prescribed in the contract.

CUSTOMER REVIEW

Director of the city of Lusaka's Social Service Agency.

You are now brainstorming potential risks associated with the project.

- a) 1. Identify potential risks associated with this project. Try to come up with at least four different risks.
[4 MARKS]
- b) Draw a risk register (log) and populate it with the four perceived risks. Analyse these risks and rank them.
[16 MARKS]

QUESTION 6

Your project is tasked with excavation of 30000 cubic meters of soil. According to the project management plan you need to excavate 1700 cubic meter of soil per week at a cost of K180 per cubic meter. According to the first month's progress report the project's EV was 1,000,000 and the AC was 1,200,000. According to the second month's progress report the project's EV was 2,200,000 and the AC was 2,400,000. After the 3rd month (12 weeks) you have 7000 cubic meters of soil remaining to be excavated and you total cost to date is 4,000,000. Determine the current values for the project for each of the terms below:

Term	Value
Budget At Completion	K5 400 000
Planned Value	
Earned Value	
Actual Cost	
Cost Variance	
Schedule Variance	
Cost Performance Index	
Schedule Performance Index	
Estimate At Completion	
Estimate To Complete	
Variance At Completion	

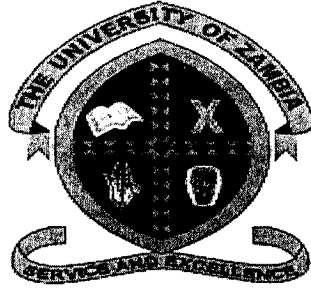
[20 MARKS]

Answer Sheet section A

Computer No. _____

1	a	b	c	d	e
2	a	b	c	d	e
3	a	b	c	d	e
4	a	b	c	d	e
5	a	b	c	d	e
6	a	b	c	d	e
7	a	b	c	d	e
8	a	b	c	d	e
9	a	b	c	d	e
10	a	b	c	d	e
11	a	b	c	d	e
12	a	b	c	d	e
13	a	b	c	d	e
14	a	b	c	d	e
15	a	b	c	d	e
16	a	b	c	d	e
17	a	b	c	d	e
18	a	b	c	d	e
19	a	b	c	d	e
20	a	b	c	d	e

END OF EXAMINATION PAPER



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

MARKETING STRATEGY

FINAL SEMESTER EXAMINATION

MBS 6041

Date: 30th June 2020

Time Allowed: Three(3) hours

Instructions:

1. There are Six (6) questions in this paper, and you are required to attempt any five questions.
2. Note that question **ONE** is **COMPULSORY**.
3. Answer any Four (4) questions from Section B.
4. Marks for each question are indicated in the brackets.
5. Answers must be in complete sentences. No credit will be given for any answer that is in point form.

SECTION A: COMPULSORY

Question 1

You have just been appointed as the marketing manager for a leading brand of cigarettes. Your new boss is seriously concerned about the negative impact that the anti-smoking lobby is having on sales. She asks you to prepare a short discussion paper for the next board meeting in which you are to outline what cultural, social, personal, and psychological factors affect a consumer's decision to smoke. She also asks you to consider how an understanding of smoker's buyer behaviour might be used to help develop a more effective positioning statement for the company's brand. Write that paper. (20 Marks)

SECTION B: ANSWER ANY FOUR QUESTIONS

Question two

Critically review and evaluate Porter's five forces framework of competition. Assess its usefulness for the strategic marketing manager. (20 Marks)

Question three

a) Distinguish between cost leadership strategy and Differentiation strategy. (4 Marks)

b) Explain the five (5) methods of market targeting that a firm can select and give appropriate examples. (10 Marks) .

c) Explain three (3) factors that constitutes a classical segment. (6 Marks)

Question Four

A certain firm has pursued a particular strategy year in year out. Management has not bothered to check the feasibility of this strategy in light of environmental conditions that the firm faces. This has resulted in strategic wear out. Apart from management's resistance to change, what other factors can lead to strategic wear out. (20 marks)

Question 5

a) What is a distribution channel? Discuss the three (3) main types of a distribution channel. (8 Marks)

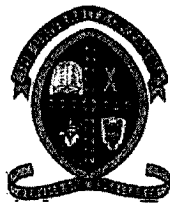
b) Explain the customer decision making process and give examples where necessary. (8 Marks)

c) Briefly Discuss the different levels of a product. (4 Marks)

Question 6

Outline and describe the major changes taking place in today's markets. Detail those that are likely to have the most impact on business as we settle into the twenty-first century. Provide examples of ways in which new competitive strategies can be fashioned to exploit the opportunities that are emerging.

(20 Marks)



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS STUDIES

EXAM FOR 2019/2020 ACADEMIC YEAR

**COURSE: MCC 5012 – FOUNDATIONS OF CORPORATE
COMMUNICATION**

INSTRUCTIONS:

- There are three (3) sections
- Sections A and B are compulsory
- Section C has five (5) questions. Please choose three (3) only

Venue: SPORTS HALL

Time: 14:00 – 17:00hrs

Date: 29/06/2020

SECTION C

Instructions:

- **There are five (5) questions**
- **Answer only three (3) questions**
- **Each question has 10 marks**

11. The Arab spring is here. Some youths have taken to social media to express their frustrations about unemployment and other vices in the country. You are the new Police Public Relation Officer who is afraid that the craftiness of the youths may out-smart you and hence some police officers might lose their jobs. So you map out a strategy to sensitise the youths from all walks of life to persuade them so that they hold peaceful protests. Kindly couch the Inspector General about some techniques to use in order to persuade the youths to air out their grievances peacefully.

12. You are a member of newly created political party. You are a campaign strategist. Kindly show your campaign strategies and messages so that your political party emerges victorious.

13. You are working for the Food Reserve Agency. However, a lot of farmers have been affected by the delayed payments for the crops the agency bought from them and yet this is the onset of the rain season and they have not yet been paid. These irate farmers have come to the Head Quarters and they are almost becoming violent. The Managing Director has been insulted when he tried to talk to them. Finally you come on the scene and after a few minutes of talking to them, the noise disappears and people go away. Your work mates are surprised – what charm have you used to cool them down. Please explain.

14. Your Non-Governmental Organisation believes that COVID 19 is real and hence it is advocating for people to continue wearing face masks. Unfortunately, there is an uproar in Bombasa chieftdom because they think that coronavirus is a hoax; it is just devastating Europeans. Hence there is no need to sensitise the people and to continue wearing face masks and practice physical distance. How do you resolve this impasse?

15. The witchdoctors and diviners succeed in their business because of their approach. Kindly explain their persuasion approach and which Public Relations scholar is behind these ideas?

GOOD LUCK & ALL THE BEST



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS STUDIES

EXAM FOR 2020 ACADEMIC YEAR

COURSE: MCC 5041 – CRISIS COMMUNICATION

INSTRUCTIONS:

- There are three (3) sections
- Sections A and B are compulsory
- Section C has five (5) questions. Please choose three (3) only

Venue: Sports Hall

Time: 09:00 – 12:00hrs

Date: 01/07/2020

SECTION A

Instructions:

- **Write short answers**
- **All the questions are compulsory**
- **Each question has 2 marks**

1. Why does the media seem to be a prophet of doom?
2. What are the cardinal rules of crisis communication?
3. Why is the media such a special stakeholder in a crisis?
4. Can you mention the stages in a crisis according to Fink?
5. During this Covid 19 pandemic, 2 ministers in the Zambian government were said to have been infected. However there were mixed feelings from the public. So who is controlling the truth during this era?

SECTION B

Instructions:

- **Write brief answers**
- **All the questions are compulsory**
- **Each question has 4 marks**

6. List and explain the steps of Crisis Communications by Jonathan Bernstein.
7. A Zambian Minister has been involved in the illegal gold mining in Kasensele area in Mwinilunga. The news is in the hands of the journalists and they have come to your office as Police Public Relations Officer. How are you going to handle this issue?
8. List and explain the crisis communication theories.
9. You are a Member of Parliament belonging to the Catholic Church whose stand is NO to bill 10. There is a stand-off between you Catholic parliamentarians supporting bill 10 and the Catholic Church authority. Finally the bill has failed but still you feel like making another attempt to canvass

for support in the 2021 elections. What theory are you going to use when talking to the Bishops and why.

10. Imagine that you are a member of a newly formed political party called Bantu Bonse. Your political party is against bill 10 which has reached a critical stage where it is “DO or DIE”. You need a spokesperson to represent you at a Prime TV panel discussion. What qualities are you going to look for in choosing a spokesperson?

SECTION C

Instructions:

- **There are five (5) questions**
- **Answer only three (3) questions**
- **Each question has 10 marks**

11. The University of Zambia has opened amid covid 19. You have been called upon to give a workshop to Management about Crisis Preparation for UNZA. Kindly explain the steps.

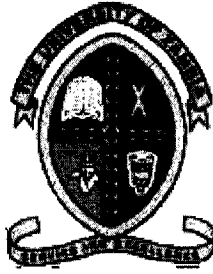
12. An underground mine has collapsed and miners have died. Family members have rushed to your offices and your Managing Director will meet the crowd. Kindly run through how he should communicate.

13. The Arab Spring is finally here. Youths are unstoppable protesting everywhere and using social media about poor governance. Looking into history, you realise that government might collapse as it has happened elsewhere. Write a speech for the President to address the youths.

14. Make a critical analysis of how the President has handled the press briefings to the public concerning the coronavirus.

15. You are the Presidential Press aid. News has broken out about some of the President’s children and ministers involved in Mukula tree business. The President is known for shielding his family and being casual and even trivializing important matters like this one. You as Presidential press aid knows very well that at this press conference some journalists might fire up some embarrassing questions regarding this matter. Kindly advise the President how he should handle this issue; what to say and what not.

GOOD LUCK & ALL THE BEST



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
MASTER OF SCIENCE IN CORPORATE COMMUNICATION**

JULY, 2020 EXAM

MCC 6021: INTERCULTURAL COMMUNICATION

DATE: 2nd JULY, 2020

TIME: 14:00 – 17:00 HOURS

DURATION: THREE (3) HOURS

ANSWER ALL QUESTIONS (20 MARKS EACH)

1. Discuss the key components of culture. With relevant examples of Zambian ethnic groupings, show how perception and stereotyping can cause intercultural communication barriers.
2. To what extent can your workplace be considered multicultural? Discuss.
3. Discuss the obstacles to effective intercultural communication in multinational organisations and the strategies of improving it.
4. How does the domain of Power Distance relate to leadership and management styles in different cultures?
5. Mubita, a Zambian native, is deployed to a temporary overseas work assignment in the United States, and upon return, he reports that U.S. employees are “pushy and critical,” as they often directly told him what to do. Critically discuss Nasilele Mubita’s cultural position in evaluating U.S. employees’ behaviour.



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
MASTER OF SCIENCE IN CORPORATE COMMUNICATION**

JUNE 2016 EXAM

MCC 6052: CONSUMER MEDIA COMMUNICATION

DATE: 14th JUNE, 2018

TIME: 17:30 – 20:30 HOURS

DURATION: THREE (3) HOURS

SECTION A: ANSWER ALL QUESTIONS (40 MARKS)

1. Briefly discuss the definitions of consumer media communication. (5)
2. With a clear example, describe the basic model of communication in marketing. (5)
3. In consumer communication, what is meant by the following concepts: (20)
 - a) Competitive advantage
 - b) Unique selling proposition
 - c) Selling concept
 - d) Marketing concept
 - e) Positioning
 - f) Target Marketing
 - g) Segmentation
 - h) Psychographics
 - i) Decision making unit
 - j) Brand Loyalty
4. Discuss the various appeals used in advertising (10)

SECTION B: ANSWER ONLY TWO QUESTIONS. QUESTION 5 IS COMPULSORY (20 MARKS EACH)

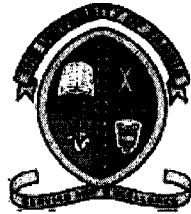
5. Fracarita Southern Africa is a non-profit organisation advocating for the rights of the poor minority and underprivileged in society. One of its goals is to take care of the plight of people living with mental health disorders.

According to Fracarita, millions of people around the world suffer from various mental health disorders once in a while in their lifetime. Mental health includes the emotional, psychological, and social well-being. It affects how one thinks, feels, and acts. It also helps determine how people handle stress, relate to others, and make

choices. Mental health is important at every stage of life, from childhood and adolescence through to adulthood. Although there have been a lot of discrimination against people living with mental illness, the latest World Health Organisation (WHO) report indicates that more than 350 million people around the globe suffer from mental illness. In Zambian communities, people with mental health disorders are largely discriminated against and shunned. The severity of this discrimination is seen when such people are sometimes accused of practicing witchcraft or being possessed by evil spirits. As a result they are mostly ostracised from their communities and left to fend for themselves without family support.

Assume that you are a communications manager for Fracarita Southern African. The organisation wants to encourage communities and families to accept people with mental health disorder and seek medical and psychosocial solutions to their problems. Develop a communication campaign plan that would help the organisation remove misconceptions and raise awareness on mental health in the country.

6. Assume that you are the marketing communications manager for the University of Zambia. The University is conducting a recruitment for positions of Customer Care Manager and Business Development Manager. Discuss how you would use different promotional mix elements in the University's recruitment efforts. (20 marks)
7. Explain the hierarchy of effects model. In so doing, outline the implications it has for the marketer.
8. Discuss the challenges marketers face as they develop advertisements and other forms of marketing communications for rural target markets of prospective customers above 60 years old. Do you think marketers should advertise to rural markets in English? Explain your answer. (10 marks)



**THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS
MASTER OF SCIENCE IN CORPORATE COMMUNICATION**

JULY, 2020 EXAM

MCC 6052: CONSUMER MEDIA COMMUNICATION

DATE: 3rd JULY, 2020

TIME: 09:00 – 12:00 HOURS

DURATION: THREE (3) HOURS

SECTION A: ANSWER ALL QUESTIONS (40 MARKS)

1. Briefly describe the stages in the consumer decision making process (10).
2. Discuss the factors that would influence a decision making unit when considering to purchase a girl's toy in a family (10).
3. List and explain the three main consumer gratifications or motives for using the Internet. (10)
4. Explain the hierarchy of effects model. In so doing, discuss its implications for consumer media communications. (10)

SECTION B: ANSWER ONLY TWO QUESTIONS. QUESTION 5 IS COMPULSORY (30 MARKS EACH)

5. Imagine that you are a lecturer at the newly established Zambia Catholic University. The University which is undertaking curriculum development for a Master of Science in Corporate Communication, has tasked you with the responsibility of creating a course outline in Consumer Media Communications. Please present a course structure containing concepts and issues you would like this course to address.
6. Discuss the influence of social media on the consumer decision making process.
7. In 2013, sections of the media in Zambia published stories alleging that ZAMBEEF was using organic chemical compounds to preserve some of its products. Assume that you are a corporate communication ZAMBEEF, use consumer communication approaches to identify and outline specific strategies and tactics you would adopt in managing the perceptions of the consumers towards ZAMBEEF products.

END OF EXAM



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

OPS-Postgraduate Sessional Examinations

Friday 3rd July 2020

MSC/OSM 5012: STRATEGIC SUPPLY CHAIN MANAGEMENT (SSCM)

INSTRUCTIONS

DURATION: 3 HOURS

- a) Ensure that you thoroughly read through the questions
- b) Mobile (Cell) phones are not allowed
- c) Scientific calculators are permitted
- d) There are **Six (6)** Questions in this paper
- e) Answer Question **One (1) (compulsory)** and any other **Three (3)** questions with clear illustrations and diagrams where necessary
- f) All **Four (4)** questions carry equal marks

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION ONE

A small specialist wine importer holds stocks of three types of wine, **Chateau A**, **Chateau B** and **Chateau C**. Current stock levels are **10,500 cases of Chateau A**, **6500 cases of Chateau B** and **4500 cases of Chateau C**. Table below shows the number of each held in stock, their cost per item and the demand per year for each.

Stock Cost and Demand for Three (3) items (Chateau A, B, & C)

Item	Average Number in Stock	Cost Per Item in ZMK	Annual Demand
Chateau A	10500	650	45,000
Chateau B	6500	850	35,000
Chateau C	4500	1500	25,000

- (a) Calculate the total value of stock for the small specialist wine importer **[5 Marks]**
- (b) (i) Calculate the **Stock cover** (Period) provided by each item stocked, assuming 50 sales weeks per year and (ii) Calculate the **Stock turn** (Cycle) for each item **[10 Marks]**
- (c) Calculate the (i) Average Stock cover (Period) and (ii) Average Stock turn (Cycle) for the total items in the inventory, the individual item measures can be weighted by their demand levels as a proportion of the of the annual total demand **[10 Marks]**

QUESTION TWO

Jim and Jill are undergraduate students from the University of Zambia's Graduate School of Business (GSB), reading for a BSc in Purchasing, Supply Chain and Logistics Management and are in the Third year of their studies. They are on industrial attachment and you as the Company Buyer (Purchasing Manager) is expected to give them guidance on matters pertaining Purchasing and Supply. After the end of their industrial break, the CEO of your organization thinks that their performance has been splendid and wishes that they come back to the company on permanent basis after the end of their studies in one year's time. He/She therefore, asks for them to be interviewed in your presence. Apparently, they have difficulties understanding Purchasing, Innovation, Supplier involvement and Development and issues to do with purchasing price analysis, for which you are called to render help to these young upcoming professionals and abate the embarrassment that they may suffer when they come before the CEO for this planned interview;

- (a) What will be your advice concerning the Early Buyer Involvement (EBI) and Early Supplier Involvement (ESI) by stating and describing their key features and influencing characteristics, responsibilities and risk development in New Product Development (NPD)? **[10 Marks]**
- (b) How would you define and describe Innovation to Jim and Jill, by also stating and explaining **Five (5)** phases of Product Lifecycle and **Five (5)** types of Innovation available for products and services aimed at creating customer demand within the Market place? **[5 Marks]**
- (c) What would be your definition and explanation of the **Wynstra model** by clearly stating and describing its topological **Six (6)** configurations of purchasing participation in product development, also stating and explaining **Eight (8)** Supplier's choice of pricing strategies clearly indicating befitting scenarios of such options **[10 Marks]**

QUESTION THREE

You the Purchasing specialist together with the Management Accountant have been tasked by the Organisation's senior management to analyse the purchasing options for the capital equipment, so as to make informed purchasing decisions. After reviewing company's financial records it is established that the cost of capital is 15% when considering the buying decision between two mutually exclusive Capital equipment "X" & "Y", for which the Cash flow details are as shown below:

		<u>Equipment X</u>	<u>Equipment Y</u>
Investment		600,000	600,000
Cash inflow	Year 1	300,000	200,000
	Year 2	360,000	290,000
	Year 3	280,000	300,000
	Year 4	290,000	260,000
	Year 5	250,000	230,000

- (a) Calculate .(i) Payback Period (ii) Net Present Value (NPV) (iii) Profitability Index (PI) [10 Marks]
- (b) Deduce the Internal Rate of Return (IRR) [10 Marks]
- (c) Which Equipment will you recommend to buy & Why? [5 Marks]

QUESTION FOUR

You as a Buyer for your organization and has been requested to make recommendations on whether to make or buy a capital machine component. You have analysed the performance history of the company concerning the Purchase price, Fixed and Variable costs and have realized that the Purchase price and Variable costs are in the order of 0.2% and 0.18% respectively of the value of fixed costs. Below listed are the fixed costs and their related cost centres;

<i>Cost centres</i>	<i>Costs (ZMW)</i>
Workshop	3, 000,000
Administration offices	2, 800,000
Office equipment	2,200,000
Staff wages	3,400,000
Security & Miscellaneous	1,600,000

- (a) At what volume will the company be indifferent between buying and making a Capital machine component? [10 Marks]
- (b) If you decided not to buy or make the capital component but instead considered the option of leasing the entire capital machine on a monthly leasing cost of

- ZMW 3250 with the Price of the Capital Machine component remaining the same. In how many months will the Break-even point be reached? [10 Marks]
- (c) What are opportunity costs and why are they relevant as subject of analysis when consideration capital equipment purchasing options? [5 Marks]

QUESTION FIVE

The following questions relate to strategy and how these may influence the purchasing function and the supply chain;

- (a) Briefly explain the **Three (3)** levels of strategy commonly present in supply chain organisations [5 Marks]
- (b) Describe how purchasing could support an organization in the pursuit of strategy of product or service differentiation and diversification [10 Marks]
- (c) Explain the purpose of Mission and Vision statements in supply chain organisations [10 Marks]

QUESTION SIX

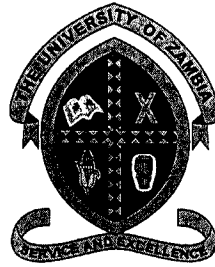
You are Senior Purchasing Manager, in charge of coordinating the Purchasing and Supply Chain of your organization through firm strategic arrangements. A new board has just been constituted and its members are grappling with the theories of **Cox** and **Bensaou** models, as critical guides to Supplier interactions and management, which appear not to be making meaningful sense to many. The other issue is their difficulty in appreciating Bayer Group's **SUPREME** model for supplier management. You have been summoned to the boardroom to go and make a presentation to the board of directors on these perturbing issues:

- (a) How will you describe the **Cox** and **Bensaou** models to the board by highlighting their critical features, attributes and constituent theories of the two models in order to bring enlightenment to board members? [10 Marks]
- (b) What would be your explanation to the board members for them to fully understand the **SUPREME** model by stating and describing the **Three (3)** main ingredients of this supplier management tool in terms of features and application? [10 Marks]
- (c) If you were to use this opportunity to lobby board members on the improvement of purchasing and supplier relationship management models, which at least **Five (5)** improvement areas would you suggest and encourage board members to consider and why? [5 Marks]

END OF THE EXAMINATION

		Discount Rate															
Period	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%	Period	
1	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259	0.9174	0.9091	0.9009	0.8929	0.8850	0.8772	0.8696	1	
2	0.9803	0.9612	0.9426	0.9246	0.9070	0.8900	0.8734	0.8573	0.8417	0.8264	0.8116	0.7972	0.7831	0.7695	0.7561	2	
3	0.9706	0.9423	0.9151	0.8890	0.8638	0.8396	0.8163	0.7938	0.7722	0.7513	0.7312	0.7118	0.6931	0.6750	0.6575	3	
4	0.9610	0.9238	0.8885	0.8548	0.8227	0.7921	0.7629	0.7350	0.7084	0.6830	0.6587	0.6355	0.6133	0.5921	0.5718	4	
5	0.9515	0.0328	0.8626	0.8219	0.7835	0.7473	0.7130	0.6806	0.6499	0.6209	0.5935	0.5674	0.5428	0.5194	0.4972	5	
6	0.0161	0.0176	0.8375	0.7903	0.7462	0.7050	0.6663	0.6302	0.5963	0.5645	0.5346	0.5066	0.4803	0.4556	0.4323	6	
7	0.9327	0.0096	0.8131	0.7599	0.7107	0.6651	0.6227	0.5835	0.5470	0.5132	0.4817	0.4523	0.4251	0.3996	0.3759	7	
8	0.9235	0.0053	0.7894	0.7307	0.6768	0.6274	0.5820	0.5403	0.5019	0.4665	0.4339	0.4039	0.3762	0.3506	0.3269	8	
9	0.9143	0.7477	0.7664	0.7026	0.6446	0.5919	0.5439	0.5002	0.4604	0.4241	0.3909	0.3606	0.3329	0.3075	0.2843	9	
10	0.9053	0.8401	0.7441	0.6756	0.6139	0.5584	0.5083	0.4632	0.4224	0.3855	0.3522	0.3220	0.2946	0.2697	0.2472	10	
11	0.8963	0.9004	0.7224	0.6496	0.5847	0.5268	0.4751	0.4289	0.3875	0.3505	0.3173	0.2875	0.2607	0.2366	0.2149	11	
12	0.8874	0.7885	0.7014	0.6246	0.5568	0.4970	0.4440	0.3971	0.3555	0.3186	0.2858	0.2567	0.2307	0.2076	0.1869	12	
13	0.8787	0.7730	0.6810	0.6006	0.5303	0.4688	0.4150	0.3677	0.3262	0.2897	0.2575	0.2292	0.2042	0.1821	0.1625	13	
14	0.8700	0.7579	0.6611	0.5775	0.5051	0.4423	0.3878	0.3405	0.2992	0.2633	0.2320	0.2046	0.1807	0.1597	0.1413	14	
15	0.8613	0.7430	0.6419	0.5553	0.4810	0.4173	0.3624	0.3152	0.2745	0.2394	0.2090	0.1827	0.1599	0.1401	0.1229	15	
16	0.8528	0.7284	0.6232	0.5339	0.4581	0.3936	0.3387	0.2919	0.2519	0.2176	0.1883	0.1631	0.1415	0.1229	0.1069	16	
17	0.8444	0.7142	0.6050	0.5134	0.4363	0.3714	0.3166	0.2703	0.2311	0.1978	0.1696	0.1456	0.1252	0.1078	0.0929	17	
18	0.8360	0.7002	0.5874	0.4936	0.4155	0.3503	0.2959	0.2502	0.2120	0.1799	0.1528	0.1300	0.1108	0.0946	0.0808	18	
19	0.8277	0.6864	0.5703	0.4746	0.3957	0.3305	0.2765	0.2317	0.1945	0.1635	0.1377	0.1161	0.0981	0.0829	0.0703	19	
20	0.8195	0.6730	0.5537	0.4564	0.3769	0.3118	0.2584	0.2145	0.1784	0.1486	0.1240	0.1037	0.0868	0.0728	0.0611	20	
21	0.8114	0.6598	0.5375	0.4388	0.3589	0.2942	0.2415	0.1987	0.1637	0.1351	0.1117	0.0926	0.0768	0.0638	0.0531	21	
22	0.8034	0.6468	0.5219	0.4220	0.3418	0.2775	0.2257	0.1839	0.1502	0.1228	0.1007	0.0826	0.0680	0.0560	0.0462	22	
23	0.7954	0.6342	0.5067	0.4057	0.3256	0.2618	0.2109	0.1703	0.1378	0.1117	0.0907	0.0738	0.0601	0.0491	0.0402	23	
24	0.7876	0.6217	0.4919	0.3901	0.3101	0.2470	0.1971	0.1577	0.1264	0.1015	0.0817	0.0659	0.0532	0.0431	0.0349	24	
25	0.7798	0.6095	0.4776	0.3751	0.2953	0.2330	0.1842	0.1460	0.1160	0.0923	0.0736	0.0588	0.0471	0.0378	0.0304	25	
26	0.7720	0.5976	0.4637	0.3607	0.2812	0.2198	0.1722	0.1352	0.1064	0.0839	0.0663	0.0525	0.0417	0.0331	0.0264	26	
27	0.7644	0.5859	0.4502	0.3468	0.2678	0.2074	0.1609	0.1252	0.0976	0.0763	0.0597	0.0469	0.0369	0.0291	0.0230	27	
28	0.7568	0.5744	0.4371	0.3335	0.2551	0.1956	0.1504	0.1159	0.0895	0.0693	0.0538	0.0419	0.0326	0.0255	0.0200	28	
29	0.7493	0.5631	0.4243	0.3207	0.2429	0.1846	0.1406	0.1073	0.0822	0.0630	0.0485	0.0374	0.0289	0.0224	0.0174	29	
30	0.7419	0.5521	0.4120	0.3083	0.2314	0.1741	0.1314	0.0994	0.0754	0.0573	0.0437	0.0334	0.0256	0.0196	0.0151	30	

Period	Discount Rate										Period					
	16%	17%	18%	19%	20%	25%	30%	35%	40%	45%		50%	60%	70%	80%	90%
1	0.8621	0.8547	0.8475	0.8403	0.8333	0.8000	0.7692	0.7407	0.7143	0.6897	0.6667	0.6250	0.5882	0.5556	0.5263	1
2	0.7432	0.7305	0.7182	0.7062	0.6944	0.6400	0.5917	0.5487	0.5102	0.4756	0.4444	0.3906	0.3460	0.3086	0.2770	2
3	0.6407	0.6244	0.6086	0.5934	0.5787	0.5120	0.4552	0.4064	0.3644	0.3280	0.2963	0.2441	0.2035	0.1715	0.1458	3
4	0.5523	0.5337	0.5158	0.4987	0.4823	0.4096	0.3501	0.3011	0.2603	0.2262	0.1975	0.1526	0.1197	0.0953	0.0767	4
5	0.4761	0.4561	0.4371	0.4190	0.4019	0.3277	0.2693	0.2230	0.1859	0.1560	0.1317	0.0954	0.0704	0.0529	0.0404	5
6	0.4104	0.3898	0.3704	0.3521	0.3349	0.2621	0.2072	0.1652	0.1328	0.1076	0.0878	0.0596	0.0414	0.0294	0.0213	6
7	0.3538	0.3332	0.3139	0.2959	0.2791	0.2097	0.1594	0.1224	0.0949	0.0742	0.0585	0.0373	0.0244	0.0163	0.0112	7
8	0.3050	0.2848	0.2660	0.2487	0.2326	0.1678	0.1226	0.0906	0.0678	0.0512	0.0390	0.0233	0.0143	0.0091	0.0059	8
9	0.2630	0.2434	0.2255	0.2090	0.1938	0.1342	0.0943	0.0671	0.0484	0.0353	0.0260	0.0146	0.0084	0.0050	0.0031	9
10	0.2267	0.2080	0.1911	0.1756	0.1615	0.1074	0.0725	0.0497	0.0346	0.0243	0.0173	0.0091	0.0050	0.0028	0.0016	10
11	0.1954	0.1778	0.1619	0.1476	0.1346	0.0859	0.0558	0.0368	0.0247	0.0168	0.0116	0.0057	0.0029	0.0016	0.0009	11
12	0.1685	0.1520	0.1372	0.1240	0.1122	0.0687	0.0429	0.0273	0.0176	0.0116	0.0077	0.0036	0.0017	0.0009	0.0005	12
13	0.1452	0.1299	0.1163	0.1042	0.0935	0.0550	0.0330	0.0202	0.0126	0.0080	0.0051	0.0022	0.0010	0.0005	0.0002	13
14	0.1252	0.1110	0.0985	0.0876	0.0779	0.0440	0.0254	0.0150	0.0090	0.0055	0.0034	0.0014	0.0006	0.0003	0.0001	14
15	0.1079	0.0949	0.0835	0.0736	0.0649	0.0352	0.0195	0.0111	0.0064	0.0038	0.0023	0.0009	0.0003	0.0001	0.0001	15
16	0.0930	0.0811	0.0708	0.0618	0.0541	0.0281	0.0150	0.0082	0.0046	0.0026	0.0015	0.0005	0.0002	0.0001	0.0000	16
17	0.0802	0.0693	0.0600	0.0520	0.0451	0.0225	0.0116	0.0061	0.0033	0.0018	0.0010	0.0003	0.0001	0.0000	0.0000	17
18	0.0691	0.0592	0.0508	0.0437	0.0376	0.0180	0.0089	0.0045	0.0023	0.0012	0.0007	0.0002	0.0001	0.0000	0.0000	18
19	0.0596	0.0506	0.0431	0.0367	0.0313	0.0144	0.0068	0.0033	0.0017	0.0009	0.0005	0.0001	0.0000	0.0000	0.0000	19
20	0.0514	0.0433	0.0365	0.0308	0.0261	0.0115	0.0053	0.0025	0.0012	0.0006	0.0003	0.0001	0.0000	0.0000	0.0000	20
21	0.0443	0.0370	0.0309	0.0259	0.0217	0.0092	0.0040	0.0018	0.0009	0.0004	0.0002	0.0001	0.0000	0.0000	0.0000	21
22	0.0382	0.0316	0.0262	0.0218	0.0181	0.0074	0.0031	0.0014	0.0006	0.0003	0.0001	0.0000	0.0000	0.0000	0.0000	22
23	0.0329	0.0270	0.0222	0.0183	0.0151	0.0059	0.0024	0.0010	0.0004	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	23
24	0.0284	0.0231	0.0188	0.0154	0.0126	0.0047	0.0018	0.0007	0.0003	0.0001	0.0001	0.0000	0.0000	0.0000	0.0000	24
25	0.0245	0.0197	0.0160	0.0129	0.0105	0.0038	0.0014	0.0006	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	25
26	0.0211	0.0169	0.0135	0.0109	0.0087	0.0030	0.0011	0.0004	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	26
27	0.0182	0.0144	0.0115	0.0091	0.0073	0.0024	0.0008	0.0003	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	27
28	0.0157	0.0123	0.0097	0.0077	0.0061	0.0019	0.0006	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	28
29	0.0135	0.0105	0.0082	0.0064	0.0051	0.0015	0.0005	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	29
30	0.0116	0.0090	0.0070	0.0054	0.0042	0.0012	0.0004	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	30



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

OPS-Postgraduate Sessional Examinations

Wednesday 1st July 2020

MSC/MBA-OSM 5022: GLOBAL OPERATIONS MANAGEMENT (GOM)

INSTRUCTIONS

DURATION: 3 HOURS

- Ensure that you thoroughly read through the questions
- Mobile (Cell) phones are not allowed
- Scientific calculators are permitted
- There are **Six (6)** Questions in this paper
- Answer Question **One (1) (compulsory)** and any other **Three (3)** questions with clear illustrations and diagrams where necessary
- All **Four (4)** questions carry equal marks

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION ONE

Inventory Management is an important area of Global Operations Management. When anecdotal data is not available Probability Models are used to determine the Re-order point (ROP); In a scenario of Stochastic demand and Constant Lead time, The Safety Stock Quantities could be determined. If the Re-order point (ROP) is 600 Units, the Stockout costs ZMW 500 per unit product, approximate number of orders (N) per year being 6 and the Carrying/Holding costs ZMW 60 per unit.

- (a) With the data given in the table below, determine the economical safety stock (SS) that could be used to mitigate product stockouts risk **[10 Marks]**

Number of Product Units	Probability
400	0.2
500	0.2
ROP → 600	0.3
700	0.2
800	0.1

- (b) In another scenario you as Operations Manager in your firm is required to apply probability models to determine Re-order point (ROP) and Safety Stock (SS) when the cost of Stockouts cannot be determined. Where μ = Average Demand during lead time is 4000, σ_{dl} = Standard Deviation of demand during lead time is 150 Units. If the Stockout policy is 5%: Calculate the ROP and SS **[10 Marks]**
- (c) In another case, the Demand per day is variable and Lead Time (in days) is constant. If the daily average demand is 200 Units, the lead time is 4 days and standard deviation of daily demand is 70 Units. If the Service level is 90%, Determine the ROP and SS **[5 Marks]**

QUESTION TWO

IFAA and IFLA are models used to analyse Global operations pre-requisites in terms of Facility Acquisition and Location;

- (a) What do the acronyms 'IFAA' and 'IFLA' stand for and what are the salient differences between these **Two (2)** models **[10 Marks]**
- (b) Why is it necessary to combine IFAA and IFLA into one analysis when considering operations at a global level **[10 Marks]**
- (c) Discuss elaborately on the **Two (2)** valuation models/techniques used to ascertain how much an acquiring firm must pay for the facilities it plans to acquire and its viability? State some of the valuation model examples under these **Two (2)** **[5 Marks]**

QUESTION THREE

A Farmer has been using Fertilizer Compounds as a soil conditioner on his piece of land for a good yield. After **Seven (7)** years, the Farmer has gathered the following historical data shown in the table below pertaining to demand of fertilizer each year;

FARMER YEARLY FERTILIZER DEMAND

YEAR	FERTILIZER DEMAND (Tons)	YEAR	FERTILIZER DEMAND (Tons)
1	370	5	525
2	395	6	710
3	400	7	610
4	450	8	?

- (a) (i) Through the Least Squares Method (LSM), develop a Linear equation that the Farmer would employ in the Fertilizer Forecasting problem **[5 Marks]**
 (ii) With the Linear equation developed in (i), Calculate the Farmer's Fertilizer demand in **Year Eight (8)** **[5 Marks]**

- (b) A Business entity has gone global with its Operations. The entity realizes that there is Seasonal Demand Variations (SDV) on its competitive Product for each year. The Company seeks assistance from you as an Operations Forecasting Manager on how best to deal with the SDV with the following historical performance data;

THREE YEAR PRODUCT DEMAND			
Month	Year 1	Year 2	Year 3
January	400	425	525
February	350	425	425
March	450	465	410
April	900	475	575
May	665	625	655
June	555	575	800
July	500	610	565
August	440	510	550
September	425	450	475
October	385	390	425
November	375	510	415
December	410	310	400

- (a) (i) Calculate the Seasonal Index for each month **[5 Marks]**
 (ii) With the Monthly Seasonal Indexes (MSI) calculated in (i), Determine the Seasonal Forecast for **Year Four (4)** and plot the graph of Demand-Forecast Seasonal Trends for the **Four (4)** years **[5 Marks]**
- (c) (i) State **Three (3)** Pertinent Least of Squares Method (LSM) requirements

- (ii) List and briefly explain **Five (5)** steps in the process of Monthly Sessional Variations (MSV) forecasting **[5 Marks]**

QUESTION FOUR

Quality is one of the most important performance objectives for most Global Operations Organizations. Elucidate the following;

- (d) Quality is believed to have evolved from Japan, yet its origins are in the United States of America (USA). Briefly explain such a phenomenon by also highlighting at least **Six (6)** Quality Gurus that are behind the development of Quality Management and their espoused theories or philosophies **[10 Marks]**
- (e) Total Quality Management (TQM) is anchored on **Three (3)** principles, what are they? And what are their main features that aim at having TQM succeed in Global Operation Organisations? Describe the EFQM Excellence Model and state at least **Four (4)** Quality awards that incentivize Quality compliance in Global Operation Organisations **[10 Marks]**
- (f) State, define and briefly describe, **Two (2)** quality evaluation wheel models (Improvement cycles) or Quality cycles and the ISO 9000 quality approach for Global operations. **[5 Marks]**

QUESTION FIVE

In International operations context analysis of Facilities' location is cardinal and the **Three (3)** techniques are employed namely; Location factor rating, Centre of gravity and the Load distance;

- (a) Describe the above listed **Three (3)** analysis techniques and also state their salient features and differences through illustrations and examples? **[7 Marks]**
- (b) There are **Two (2)** potential sites and **Four (4)** eligible suppliers to be considered with their distances (X,Y) and weights (Wt) as shown in the table below;

Potential sites			Suppliers				
Sites	X	Y	Supplier	A	B	C	D
1	400	220	X	240	140	290	540
2	460	490	Y	240	540	640	340
3	290	440	Wt	75	105	135	60

- (i) Compute distance from each site to each supplier **[10 Marks]**
- (ii) Compute the load distance and determine the suitable site out of the three potential sites stating reasons for such an option **[8 Marks]**

QUESTION SIX

You as a Global Operations Manager has been tasked by Senior Management of your company to strategically analyse **Two (2)** types of Demand Forecasting in order to arrive at the most optimal forecast that satisfies the international with minimal deviation. From historical actual demand on the product, the firm has come up with **Two (2) Forecasts A & B** as shown in the table below;

DEMAND FORECASTING

FORECASTING A			FORECASTING B		
Quarter	Actual Demand	Forecast Demand	Quarter	Actual Demand	Forecast Demand
1	9,000	10,000	1	9,000	9,500
2	9,500	10,000	2	9,500	10,000
3	11,500	10,000	3	11,500	12,000
4	10,000	11,000	4	10,000	11,000
5	12,500	11,000	5	12,500	10,000
6	14,000	11,000	6	14,000	11,000

- (a) (i) Calculate the Mean Absolute Deviation (MAD) at the end of Quarter 6 for Forecasts A & B **[5 Marks]**
- (ii) Deduce the Tracking Signals (TS) for Forecasts A & B and determine the best Tracking signal obtained from the two Forecasts **[5 Marks]**
- (ii) What is **tracking signal** and what statistical measure is used to determine it, including its significance in Forecasting? **[5 Marks]**
- (b) Multiple Linear Regression analysis for Forecasting for demand by Business entities and the equation $y = a + b_1x_1 + b_2x_2$ is used. This model is normally used to accommodate various variables. A company has been using this variable to for forecasting of sales (y). Historical data indicates a constant (a) value of **ZMK360,000,000** index on the value of sales is denoted b_1 and x_1 is the value of sale in Zambian Kwacha expressed as **0.6** and **ZMK1,200 Million**, respectively. While an index for interest rate paid on sales transactions is stated as b_2 and x_2 representing interest rate with values **ZMK200,000 000** and **0.40** accordingly. Using the Multiple Regression Model elucidate the forecast value of Sales in Million Zambian Kwacha, considering the amount of interest as cost on sales or an expenditure which reduces the incomes on sales gained. **[10 Marks]**



THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

OPS-Postgraduate Sessional Examinations

Monday 29th June 2020

MSC/OSM 6031: OPERATIONS STRATEGY FOR INDUSTRY (OSI)

INSTRUCTIONS

DURATION: 3 HOURS

- a) Ensure that you thoroughly read through the questions
- b) Mobile (Cell) phones are not allowed
- c) Scientific calculators are permitted
- d) There are *Six (6)* Questions in this paper
- e) Answer Question *One (1) (compulsory)* and any other *Three (3)* questions with clear illustrations and diagrams where necessary
- f) All *Four (4)* questions carry equal marks

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION ONE

Linear programming is used in the evaluation of minimization of costs and maximization of profits. The table below provides data in the production of two types of phones.

	Hours Required to Produce One Unit		
Department	Samsung (X_1)	Huwei (X_2)	Available hours this Week
Electronic	4	3	240
Assembly	2	1	100
Profit per unit	ZMK70	ZMK50	

Considering the following three constraints.

- (i) Upper limits where the amount used is less than or equal to the amount of resource
 - (ii) Lower limits where the amount used is greater or equal to the amount of resource
 - (iii) Equalities where the amount used is equal to the amount of resource
- (a) Formulate the Objective function linear programming (LP) equation that maximizes the profits, the two LP equations that satisfies the first and second constraints **[5 Marks]**
- (b) Using the graphical and the Iso-profit line method, determine the maximum profit line, the optimal solution point and the equation that yields the maximum profit **[10 Marks]**
- (c) Using the Corner point method, determine the objective function value of each corner and find the optimal value and the corner where it will be located and the equation that yields the maximum profit **[10 Marks]**

QUESTION TWO

Operations Strategy is enhanced by Substitute (Lean) strategies in the quest to match capacity and demand for Operations.

- (a) a) What are Substitute strategies? And how do they enhance the operations strategies. State and describe **Five (5) Lean Principles** and **Seven Plus One (7 +1) or Muda – 8 Wastes** identified through the Lean Philosophy **[5 Marks]**
- (b) State and explain **Kaizen, Kanban, Heijunka, Jidoka, Judoka lean, Poka yoke** and **5S** as some of the lean techniques used to minimise waste and enhance value in Operations **[10 Marks]**
- (c) What is **JIT Philosophy** and what are its Advantages and Disadvantages? What is **Six-Sigma** and how does it compliment the Operations Strategy. Identify and describe at least **Three (3) Gurus** behind the **JIT and Six Sigma Philosophies** **[10 Marks]**

QUESTION THREE

As an Operations strategist for the Mining Conglomerate of Zambia, you have been assigned a task to undertake **Aggregate Production Planning (APP)** using the **Transport Method (TM)**. Below are the details of demand and capacity to move Excess stocks (Capacity) to Shops of looming stockouts (Demand). The Excess Stocks are to move from **Three (3)** to **Three (3)** Towns are as shown below:

Shoprite Shops with excess stocks to be shipped to other stores (Capacity/Units)-Supply		Shoprite Shops Requesting excess Stocks (Demand/Cost)- Demand Side					
Towns	Capacity in Units(K)	Monze Demand/Cost(K)		Mazabuka Demand/Cost		Kafue Demand/Cost(K)	
Lusaka	2000	4000	50	3000	40	3000	30
Livingstone	4600		80		40		30
Kabwe	3600		90		70		50

- (a) Use the North-West Corner Transportation Analysis table, allocate and calculate the resource Capacity, Demand and Cost of Moving the Copper Ore **[5 Marks]**
- (b) Apply the Intuitive Lowest – Cost Method of Transportation Analysis table to get optimal cost results better that found in (a) **[6 Marks]**
- (c) Perfect your Aggregate Production (Supplying) Plan (APP) through the Stepping Stone Method of Transportation Analysis table to get Best cost results better that found in (b) and prepare a **Burruss Plan** and cost requirements that will be used for actual operations. **[10 Marks]**
- (d) State two problems that you may face when using the transportation model and how would you resolve them? **[4 Marks]**

QUESTION FOUR

For any effective Operations strategy, Capacity requirements must be matched with Equipment and Labour requirements. Below are the details of Capacity in terms of demand and availability of Equipment and Labour requirements for Small and Family sized bottle productions, respectively;

Yearly forecast demand data

Year	1	2	3	4
Small	420,000	460,000	520,000	600,000
Family	350,000	400,000	460,000	490,000

Machine and Labour availability

- i. **Three (3) 220,000 Units** per year Machines are available for Small-Bottle Production and **Two (2) Operators** are required per Machine, at a cost of ZMW 0.1/Operator/Unit.
 - ii. **Two (2) 260,000 Units** per year Machines are available for Family-Sized-Bottle Production and **Three (3) Operators** are required per Machine at a cost of ZMW 0.15/Operator/Unit.
- (a) What are the **Years 1 to 4** values for Percent Capacity used, Machine, and Operator requirements? Deduce the total cost for Small sized Bottle Production in all cases? **[10 Marks]**
 - (b) What are the **Years 1 to 4** values for Percent Capacity used, Machine, and Operator requirements? Deduce the total cost for family sized Bottle Production in all cases? **[10 Marks]**
 - (c) In which Year are the Percent Capacity used, Machine and Operator requirements for Small and Family –sized Bottle Production highest and lowest and what are their calculated values? **[5 Marks]**

QUESTION FIVE

Learning Curves are used to improve work productivity and quality, based on the premise that people and organisations become better at their tasks, as the tasks are repeated, time to produce a unit decreases as more units are produced, learning curves typically follow a negative exponential distribution and the rate of improvement decreases over time;

- (a) By using the Arithmetic Approach (Simplest approach) determine the Hours N^{th} unit for N^{th} unit produced; 1, 2, 4, 8, 16 and 32. The First Unit takes 150 labour-hours to be produced and present learning curve rate is 90% **[5 Marks]**
- (b) Apply the Logarithmic approach to calculate the Labour – hours for any Unit T_N , namely T_2 up to T_5 , if the First Unit (T_1) took 200 labour- hours and the Learning curve rate is 75% for $b = -0.415$. **[10 Marks]**
- (c) With the Coefficient approach and the table given below/overleaf calculate (i) Labour – hours for T_2 , T_3 & T_4 , if the first (T_1) Warehouse took 450,000 hours to complete and the learning curve rate is 70%. Find the Labour – hours for the same if the first Warehouse (T_1) took 350, 000 hrs to complete and the learning curve rate being 85%. (ii) If the Labour cost is ZMK550 per hour what would be the total cost of producing units (T_1 to T_4) or all the Four (4) Warehouses in both cases? (iii) If the third Ware house takes 250,000 hours with learning factor 70% and 200,000 hours for the learning factor 85% what would be the new estimates in hours and monetary terms for the first house (T_1) in both cases **[10 Marks]**

Note: Below/Overleaf table for Learning Curve- Coefficients

Table for Learning Curve- Coefficients

Unit Number (N)	70%		85%	
	Unit time	Total time	Unit time	Total time
1	1.000	1.000	1.000	1.000
2	0.700	1.700	0.850	1.850
3	0.568	2.268	0.773	2.623
4	0.490	2.758	0.723	3.346
5	0.437	3.195	0.686	4.032
10	0.306	4.932	0.583	7.116
20	0.248	6.274	0.530	9.861
25	0.214	7.407	0.495	12.402

QUESTION SIX

Waiting unnecessarily in Queues at Restaurants, Supper-Markets and Toll gates in order to be served, translates into poor capacity in terms of meeting demand. This calls for rigorous analysis using Waiting Models; hence Poison Distribution is employed. Further **Four (4)** Models are usually employed (Model A, Model B, Model C and Model D), namely Single Channel, Multi-Channel, Constant Service and Limited Population;

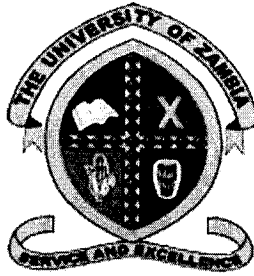
- (a) Using Constant service approach (Model C), Cars are currently waiting at the Toll gate 30 Minutes on average, Car and Driver cost ZMK 1000 per hour. Automated Equipment service rate (μ) = 20 Cars per hour. Arrival rate (λ) = 14 per hour. The automated equipment service costs ZMK 100 per car. Current cost per trip = $(30/60\text{hr}) (1000) = \text{ZMK}500$; Calculate the following (i) Average length in Queue (L_q), (ii) Average waiting time in Queue (W_q), (iii) Average number of Customers in the system (L_s), (iv) Average waiting time in the system (W_s) and (v) Net savings as a result of using automated Equipment (Sensor Toll Gate). **[10 Marks]**
- (b) If a Toll gate operates on a Limited population approach (Model D), each of the **Five (5)** Channels requires repairs after 30 hours (U) of use, One Technician can service a Channel in **Three (3)** hours (T), Channel downtime costs ZMK 2000 and Technician costs ZMK 500 per hour. For Number of Service Channels (M) of 1 or 2, determine the following; (i) Service factor (X), (ii) Average number of Channels running (J), (iii) Average number of Channels waiting (L), (iv) Average number of Channels being serviced (H), (v) Average waiting time and (vi) Number of Population (N). **[10 Marks]**
- (c) With the data obtained in (1b); create a table and Calculate the following (i) Average number of Channels down, (ii) Average cost per hour for downtime (iii) Cost per hour for Technicians and (iv) Total cost per hour if 1 or 2 Technicians were used **[5 Marks]**

Note: Below/Overleaf is the Finite Queuing Table for your use (Ref).

The Finite Queuing Table for your use (Ref)

FINITE QUEUING TABLE			
X	M	D	F
0.012	1	0.048	0.999
0.025	1	0.100	0.997
0.050	1	0.198	0.989
0.060	2	0.020	0.999
	1	0.237	0.983
0.070	2	0.027	0.999
	1	0.275	0.977
0.080	2	0.035	0.998
	1	0.313	0.969
0.090	2	0.044	0.998
	1	0.350	0.960
0.100	2	0.054	0.997
	1	0.386	0.950

END OF THE EXAMINATION



**EXAMINATION PAPER: ENTREPRENEURSHIP AND SMALL BUSINESS
MANAGEMENT**

Date: 9 July 2020

Time: 3 hours

TOTAL MARK: 60

This paper is divided in TWO sections as follows:

SECTION A: This section has a total of **40 marks**. You are to **ANSWER ALL THE QUESTIONS IN THIS SECTION.**

SECTION B: This section has a total of **20 marks**. You are to **ANSWER ONLY TWO QUESTIONS IN THIS SECTION.**

SECTION A: ANSWER ALL THE QUESTIONS IN THIS SECTION

QUESTION A1

Which of the following statements are true or false (please justify your response):

- a) Entrepreneurs seek power and control over others. **2 Points**
- b) Entrepreneurs are made, not born. **2 points**
- c) Entrepreneurs are their own bosses and completely independent. **2 points**

QUESTION A2

Explain the difference between the following:

- a) Invention and innovation. **2 Points**
- b) Necessity entrepreneur and opportunity entrepreneur. **2 Points**
- c) A business idea and a business opportunity. **2 Points**
- d) Entrepreneurial creativity and entrepreneurial innovation. **2 Points**

QUESTION A3

Nyamuka Zambia Promoting Transformative Entrepreneurship in Zambia: Zambian entrepreneurs on the rise

“African entrepreneurship is on the rise and Zambia is leading the way. Research by the Global Entrepreneurship Monitor (GEM), which analyses the state of entrepreneurship around the world, reveals that sub-Saharan Africa has the highest number of people engaged in early stage entrepreneurial activity, with Zambia and Nigeria coming out on top in the GEM 2014 report...” Through its business plan competition initiative, “Nyamuka Zambia is tapping into the drive and enthusiasm that exists among both Zambia’s active and aspiring entrepreneurs.”

“The Nyamuka Zambia business plan competition is an initiative aiming to provide the necessary support and help the country’s entrepreneurs to rise to the next level. Nyamuka Zambia is calling on all Zambian entrepreneurs with ideas that can help transform their businesses and in turn the economy of Zambia, to enter the competition for a chance to expand their networks and gain valuable business skills... GEM research shows that despite the high level of people starting businesses and the clear drive/ambition that

exists among Zambian entrepreneurs, there is also a high failure rate, whilst a large percentage of nascent entrepreneurs discontinue their enterprises... Nyamuka Zambia is open to all new and existing entrepreneurs and is especially looking forward to receiving applications from women and young people. This UKAID funded competition is a national quest to discover and develop entrepreneurial talent as well as change uninformed perceptions concerning entrepreneurship in Zambia”.

Source: <http://www.lusakavoice.com/2015/03/19/nyamuka-zambia-promoting-transformative-entrepreneurship-in-zambia/>

- a) Explain the following:
 - i) Total early stage Entrepreneurial Activity (TEA). **2 Points**
 - ii) Nascent entrepreneur. **2 Points**
- b) Discuss the Nyamuka Zambia business plan competition initiative aimed at enhancing entrepreneurship in Zambia. **5 Points**

QUESTION A4

Changing lives through entrepreneurship Development in Zambia

Despite significant macro-economic achievements posted in the last 15 years, Zambia continues to record minimal gains in job creation which is inadequate to meet supply on the labour market. The most affected section of the population has been young people, and as a result, the government of Zambia launched the Youth Development Policy in 2015 to address youth unemployment.

The Government, through the Ministry of Youth and Sport, its implementing agencies, including the National Youth Development Council, Youth Development Fund, Zambia Development Agency, the Citizens Economic Empowerment Commission and National Technology Business Centre, hope to generate 500,000 jobs in five years from 2016 to 2020.

In the quest to contribute to employment creation and wealth generation for youth in the country, the Zambia Development Agency, through its Enterprise Development Division is working with the Barclays Africa Foundation on a programme dubbed Building Young Entrepreneurs (BYEP) which is aimed at helping entrepreneurs scale up their businesses. The scope of the Building Young Entrepreneurs Programme captures a wide spectrum of sectors including manufacturing, agriculture and agro-processing, mining, infrastructure, and tourism. The agency will in the first quarter of 2017 start implementing the BYEP, initiative for young people who have graduated from universities and colleges.

As young people set out to find employment or create self-employment, they need skills to help them to transition from the world of education into the world of work. The Zambia Development Agency will provide training and learning materials that will help young people develop work skills, people skills, money skills and entrepreneurial skills.

In this regard, the agency will decentralise its operations by implementing the BYEP, initially in six provinces in the first phase which include Southern, Lusaka, Central, Copperbelt, North-Western and Luapula.

The Agency is targeting 10,100 micro small and medium enterprises (MSMES) and hoping to create a minimum of 50,000 jobs... In this regard, the Zambia Development Agency through the Enterprise Development Division undertook a training of trainers for staff to enhance their skills in order for them to efficiently and effectively support MSMEs to grow and develop their businesses for wealth and job creation.

Training of MSMEs is one of the key activities undertaken by the Agency to boost entrepreneurship and business management skills of MSMEs, as lack of skills is one of the major challenges experienced by small businesses in Zambia that are managed by both men and women.

Source: Chimanse, M. 2017. Changing lives through entrepreneurship *Zambia Daily Mail*. Available from: <http://www.daily-mail.co.zm/changing-lives-through-entrepreneurship/> [Accessed: 30 August 2019]

- a) According to Chimanse (2017), the Zambia Development Agency (ZDA) is targeting 10,100 micro small and medium enterprises (MSMES) and hoping to create a minimum of 50,000 jobs. Discuss the role of ZDA in entrepreneurship development and comment on its MSME and attendant job creation initiatives and achievement. **4 Points**
- b) The Government, through the Ministry of Youth and Sport, its implementing agencies, including the National Youth Development Council, Youth Development Fund, Zambia Development Agency, the Citizens Economic Empowerment Commission and National Technology Business Centre, hope to generate 500,000 jobs in five years from 2016 to 2020. Discuss the enabling environment for achieving this objective. **5 Points**
- c) Discuss the role and achievement of the National Technology Business Centre in relation to the Government's drive to generate 500,000 jobs in five years from 2016 to 2020. **5 Points**
- d) What are the operational thresholds for defining medium enterprises in Zambia (please be specific for each category)? **3 points**

SECTION B: ANSWER TWO QUESTIONS ONLY IN THIS SECTION

QUESTION B1

A good business plan must be developed in order to exploit the defined opportunity.

- a) Explain the components of a business plan, clearly indicating the content of each section. **10 Points**

QUESTION B2

Discuss the main contribution of the following to the theory of entrepreneurship:

- a) Jean-Baptiste Say. **5 Points**
- b) Joseph Schumpeter. **5 Points**

QUESTION B3

According to Cunningham & Lischeron (1991), entrepreneurship research activity seems to fall within six schools of thought, each with its own underlying set of beliefs.

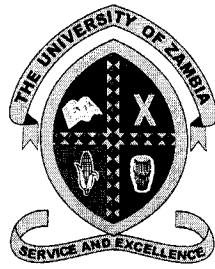
- a) Identify the schools of thought that fall in the following areas of their research interest in the field of entrepreneurship:
 - i) Recognizing Opportunities. **2 points**
 - ii) Reassessing and adapting. **2 points**
- b) Discuss the classical school of entrepreneurship theory in terms of its
 - i) Its assumptions. **2 Points**
 - ii) Its central focus. **2 points**
 - iii) Its application in the business venture growth stages. **2 Points**

QUESTION B4

Scholars have observed that entrepreneurship deficiency is a major bottleneck constraining economic development in most of the global economies. In Africa, particularly, despite governments' effort to create profitable opportunities for indigenous entrepreneurs, the results have generally been disappointing and, to the large extent, a drain on national resources. Notwithstanding the benefits associated with entrepreneurship, there are barriers that stop individuals from pursuing it. Factors including sociocultural, economic, political, technological and legal environments have been shown to exert enduring influences on the development of personality traits such as those appropriate for entrepreneurship. In Zambia, many local entrepreneurs have a difficult time setting up entrepreneurial ventures. Some stakeholders, including the small and medium enterprise (SME) owners, have identified access to finance as the most common constraint, while business skills training is considered to be limited. In fact, the majority of the local SMEs operate in informal settings such street vending or small shops (tu ntemba) constructed using basic materials.

- a) Explain TWO of the possible benefits of entrepreneurship to the Zambian economy by entrenching entrepreneurship as a form of societal behavior. **2 Points**
- b) Explain how the following can affect entrepreneurship development:
 - i) Inflation. **2 Points**
 - ii) Societal values and socio-culture. **2 Points**
- c) Using the model for entrepreneurship development by Nieman and Nieuwenhuizen (2009) show how an enabling environment for entrepreneurship development can be achieved in Zambia. **4 Points**

END OF QUESTIONS



THE UNIVERSITY OF ZAMBIA GRADUATE SCHOOL OF BUSINESS

MBA Finance Sessional Examination

Thursday 2nd July 2020

INTERNATIONAL BUSINESS FINANCE

Instructions

Time Allowed: **3 hours**

There are five (5) Questions in the Examination Paper

Attempt a total of four (4) questions

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

QUESTION 1

- (a) Explain the nature and use of Capital Markets (4 marks)
- (b) List and explain the types of capital markets (6 marks)
- (c) Explain the factors affecting and international portfolio investment (9 marks)
- (d) Explain the methods for forecasting exchange rates (6 marks)

(Total 25 Marks)

QUESTION 2

- (a) Explain the nature of Foreign Direct investments (4 marks)
- (b) Describe the main types of Foreign Direct investments (6 marks)
- (c) List and explain alternatives to Foreign Direct Investments (6 marks)
- (d) Describe political risks in Foreign Direct Investments and methods of their minimization (9 marks)

(Total 25 Marks)

QUESTION 3

- (a) Describe Foreign Exchange risk in international business (3 marks)
- (b) Describe the main types of foreign exchange risk exposures in international business (6 marks)
- (c) List and explain internal and external methods available to a multinational company for hedging foreign exchange risks from business transactions (16 marks)

(Total 25 Marks)

QUESTION 4

- (a) Explain the Law of One Price (4 marks)
- (b) Discuss the Purchasing Power Parity Theory (PPP theory) and outline its major types (6 marks)
- (c) Zambia and Botswana are running inflation rates of 4% and 2% respectively. The spot rate is 1 Pula = ZMK600. Calculate the value of the Pula in 4 years (assume PPP theory holds) (10 marks)
- (d) Suppose Zambia's real interest rate is 5% and its expected inflation rate is 7.2%. Which nominal interest rate should Indo Zambia bank expect? (5marks)

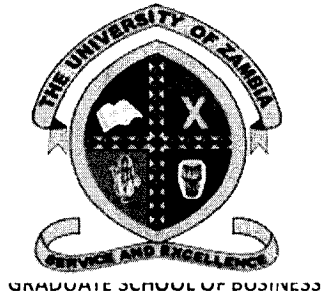
QUESTION 5

Suppose an Investor has GBP1000 and that the spot rate for the Pound against the US dollar is GBP 1=\$1.1500. The one-year rate of interest is 2.5% on the pound and 3.5% on the US dollar.

Required

- (a) What would you expect the current one-year forward rate to be? (7 marks)
- (b) Is the dollar stronger or weaker one-year forward compared with the spot rate? Why is this case? (7 marks)
- (c) Explain the terms «Forward premium» and «Forward Discount» (6 marks)
- (d) Explain the Fischer effect (5 marks)

(Total 25 Marks)



EXAMINATION PAPER: NEW VENTURE CREATION

Date: 30 June 2020

Time: 3 hours

TOTAL MARK: 60

This paper is divided in TWO sections as follows:

SECTION A: This section has a total of **40 marks**. You are to **ANSWER ALL THE QUESTIONS IN THIS SECTION.**

SECTION B: This section has a total of **20 marks**. You are to **ANSWER ONLY TWO QUESTIONS IN THIS SECTION.**

SECTION A: ANSWER ALL THE QUESTIONS IN THIS SECTION

QUESTION A1

Which of the following statements are true or false (please justify your response):

- a) The entrepreneurial process for new venture creation starts with creativity and the task of generating new ideas. **2 Points**
- b) A copyright is distinguishing symbol, mark, logo, name, word, sentence or a combination of these items that companies use to distinguish their product from others in the market. **2 Points**
- c) The creativity process starts with innovation and the task of generating new ideas. **2 Points**

QUESTION A2

In the context of new venture creation, entrepreneurship is considered as a dynamic process of vision, change, and creation which requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions.

- a) Explain what is involved in the entrepreneurial opportunity identification process. **2 Points**
- b) Explain the characteristics of an entrepreneurial venture. **2 Points**
- c) Using Amabile's (1997) model of creativity within an organization, explain the factors that could enhance individual creativity in business. **3 Points**

QUESTION A3

- a) What are the possible FOUR sources of new venture financing? **2 Points**
- b) Indicate SIX likely sources of new business ideas. **3 Points**
- c) What do entrepreneurs lose when their business ventures fail? **4 Points.**

QUESTION A4

NEW VENTURE CREATION IN THE FIELD OF ENTREPRENEURSHIP

Research in new venture creation is sometimes pictured as one out of many sequences a new venture goes through during its life cycle. Examples of such sequences are 'initiation' (Kroeger 1974), 'conception' and 'gestation' (Reynolds 1997) or 'idea', 'opportunity' and 'project' (Fayolle 2003). Common to most sequential models is to view the entrepreneurial process as a linear and forward-moving process. However, Fayolle (2003) divides the entrepreneurial process into various sequences, allowing relapse from later phases to earlier ones to occur. In addition, the phases do not necessarily develop in the outlined order. Some entrepreneurs, for example, formally establish an organization before they have evaluated to what extent the idea represents a real opportunity. Finally, the process can stop at any given level. For example, a new organization may never come into existence. Fayolle's model shows that new venture creation does not only consist of one single step - namely from a situation 'without a new venture' to a situation 'with a new venture'. On the contrary, it is possible to talk about a number of steps on the way toward a new and independent venture. Because of the fluid crossing between the situation 'without a new venture' and the situation 'with a new venture', it is in practice hard to decide when a new venture is created. A central problem is, however, that the above-mentioned sequence models do not catch what triggers or activates the new venture creation process.

As far back as 1985 Gartner had already tried to provide valuable insight into different variables that constitute the process of new venture creation by recognizing the need to

explain new venture creation as a multi-dimensional process that takes place as a result of an interaction between four components: individual(s), the environment, the organization and the process. The dominance of each variable during the new venture creation process was however not explained, as the literature of entrepreneurship at that point in time suggested that differences among entrepreneurs and among their ventures were as great as the variation between entrepreneurs and non-entrepreneurs and between new firms and established firms (Gartner 1985, p. 696). Since then only a few attempts to exactly identify what triggers new venture creation or what sub-processes lead up to new venture creation have been discussed and suggested (Davidsson and Honig 2003).

Source: Klyver, K., Evald, M.R. and Hindle, K., 2011. Social networks and new venture creation: the dark side of networks. *Handbook of research on new venture creation*, pp.145-159.

- a) What is new venture creation? **2 Points**
- b) Explain why a new organization may never come into existence. **3 Points**
- c) The entrepreneurial process involves various sequences, allowing relapse from later phases to earlier ones to occur, while the phases do not necessarily develop in the outlined order. Explain the key characteristics of the entrepreneurial process for venture creation. **5 Points**
- d) New venture creation is a multi-dimensional process that takes place as a result of an interaction between four components: individual(s), the environment, the organization and the process. Discuss each of these FOUR components. **8 Points**

SECTION B: ANSWER TWO QUESTIONS ONLY IN THIS SECTION

QUESTION B1

A good business plan must be developed in order to exploit the defined opportunity.

Discuss content of the following components of a business plan. **10 Points**

- i. Products and/or services plan.
- ii. Marketing plan.
- iii. Operations plan.
- iv. Management plan.
- v. Financial plan.

QUESTION B2

Discuss the types and classes of possible first-year business venture problems. **10 Points**

QUESTION B3

There are several important factors necessary for new venture creation including economic circumstances, social networks, entrepreneurial teams, marketing, finance, and also public agency assistance. However, none of these will single-handedly create a new venture.

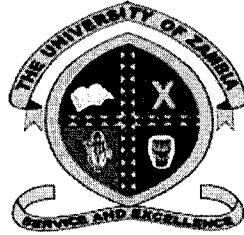
- a) Based on the above statement discuss what exactly is needed beyond the listed factors for the successful creation of a new venture. **4 Points**
- b) Describe the main pitfalls entrepreneurs are likely to face in selecting new ventures and explain how to avoid them. **6 Points**

QUESTION B4

At the heart of the entrepreneurial process is the opportunity. Successful entrepreneurs and investors know that a good idea is not necessarily a good opportunity.

- a) Indicate FOUR likely sources of new business ideas. **2 Points**
- b) What is the difference between a business idea and a business opportunity? **2 Points**
- c) In the Zambian context, explain how deregulation of the transport sector spawned opportunities. **2 Points**
- d) The identification of a good business opportunity may not necessarily lead to success of a new venture as there are several factors that affect venture performance. Discuss the elements that affect new-venture performance according to Cooper (1993). **4 Points**

END OF QUESTIONS



THE UNIVERSITY OF ZAMBIA
GRADUATE SCHOOL OF BUSINESS

**EXAMINATION PAPER: STRATEGIC MANAGEMENT OF TECHNOLOGY AND
INNOVATION**

Date: 1st July 2020

Time: 3 hours

TOTAL MARK: 60

This paper is divided in TWO sections as follows:

SECTION A: This section has a total of **40 marks**. You are to **ANSWER ALL**
THE QUESTIONS IN THIS SECTION.

SECTION B: This section has a total of **20 marks**. You are to **ANSWER ONLY**
TWO QUESTIONS IN THIS SECTION.

SECTION A: ANSWER ALL THE QUESTIONS IN THIS SECTION

QUESTION A1

Which of the following statements are true or false (please justify your response):

- a) Radical innovation involves improvement in components while the architecture remains unchanged. **2 Points**
- b) Modular innovation establishes a new dominant design, and hence a new set of core design concepts embodied in components that are linked together in a new architecture. **2 Points**
- c) Incremental innovation is the kind of innovation that changes a core design concept without changing the product's architecture. **2 Points**
- d) Intellectual Property creates for the innovator a system by which he/she can benefit from his/her ingenuity. **2 Points**

QUESTION A2

In today's knowledge driven world, new technologies and new competitors are entering the market at an unprecedented rate, and this phenomenon will just keep of increasing, thereby bringing about accelerating industrial uncertainty. There are two primary types of uncertainty, namely, demand uncertainty and technological uncertainty. How much uncertainty an industry faces will depend on the interaction of these two types of uncertainty.

- a) Explain what demand uncertainty and technological uncertainty mean. **4 Points**
- b) Explain the entry factors to consider in the face of technology and demand uncertainties. **6 Points**
- c) Explain why first movers often fail? **2 Points**

QUESTION A3

In recent years, the field of technology strategy has attracted considerable attention from researchers and technology-driven organizations. It is in fact generally agreed that technology strategy is of critical importance to organizations and their ability to compete effectively. However, some studies have revealed that there is failure on the part of top management to appreciate the significance of technology, creating an impression that perhaps technology strategy is neither well understood nor well practiced.

Discuss the determinants of technology strategy and illustrate your response with a diagram. Be sure to elaborate. **8 Points**

QUESTION A4

Explain what technology means to:

- i. A scientist. **2 Points**
- ii. An Engineer. **2 Points**
- iii. A Marketing Manager. **2 Points**

QUESTION A5

There are a number of strategic issues to consider in the process of strategic management of technology and innovation, while management plays a critical role in the whole process.

- a) What is strategic management of technology and innovation and why is it important? **2 Points**
- b) Explain the role of management in strategic management of technology and innovation. Be sure to itemize and elaborate the different aspects of the role of management. **4 Points**

SECTION B: ANSWER TWO QUESTIONS ONLY IN THIS SECTION

QUESTION B1

Explain Rothwell's FIVE models of the innovation process and illustrate your response with diagrams. **10 Points**

QUESTION B2

Discuss the two concepts of "sustaining innovation" and "disruptive innovation" and explain the differences between them. **10 Points**

QUESTION B3

- a) Discuss the prosperity and recession phases of the Kondratiev long wave cycle and explain the types of technology or innovation that are likely to be associated with each one of these phases. **5 Points**

- b) Explain the theory of punctuated equilibrium and indicate how it helps to understand the process of technological innovation? **5 Points**

QUESTION B4

- a) List FOUR functions of prototypes. **2 Points**

- b) Explain the following theories of innovation and illustrate your response with diagrams:
 - i. Technology S-curve. **4 Points**
 - ii. Absorptive capacity. **4 Points**

END OF QUESTIONS