



**PAMIBIA UNIVERSITY**  
**OF SCIENCE AND TECHNOLOGY**  
**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION**  
**DEPARTMENT OF GOVERNANCE AND MANAGEMENT SCIENCES**

**MANAGEMENT SECTION**

<b>QUALIFICATION:</b> BACHELOR OF BUSINESS MANAGEMENT HONOURS	
<b>QUALIFICATION CODE:</b> 08BMAR	<b>LEVEL:</b> 8
<b>COURSE CODE:</b> SMM811S	<b>COURSE NAME:</b> STRATEGIC MANAGEMENT
<b>SESSION:</b> November 2025	<b>PAPER:</b> THEORY
<b>DURATION:</b> 3 HOURS	<b>MARKS:</b> 100

<b>SECOND OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
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<b>MODERATOR:</b>	Ms Ayesha Tjueza
<b>INSTRUCTIONS</b>	
This exam has two sections: A and B. Total marks are 100 (Section A = 60, Section B = 40). Section A: 60 multiple-choice questions, 1 mark each. Answer all questions and choose the single best option from A to E. Section B: Answer all questions for a total of 40 marks. Show workings where needed.	
<ol style="list-style-type: none"><li>1. Answer ALL the questions in the answer book provided.</li><li>2. Write clearly and neatly.</li><li>3. Number the answers clearly.</li><li>4. <b>Indicate your lecturer's name on your answer sheet.</b></li></ol>	

***THIS EXAM PAPER CONSISTS OF 17 PAGES (Including this front page)***

**SECTION A- ANSWER ALL QUESTIONS (60 Marks)**

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**Mini-Case A: Quick-Service in Windhoek**

Multiple fast-food brands operate around malls and taxi ranks. Customers compare offers on delivery apps and can walk to rivals in minutes. Menu recipes are widely known, and equipment is standard, while some imported ingredients are exposed to currency swings.

1. Given these facts, how would you rate buyer power
  - A. Low, due to long-term contracts with buyers
  - B. High, because switching is simple and choices are many
  - C. Negligible, since the government sets prices
  - D. Moderate, since switching requires permits
  - E. High only during festive seasons
  
2. Which option best captures substitute pressure here
  - A. A national skills levy
  - B. Home cooking and nearby street vendors
  - C. Interest rate changes in Europe
  - D. Store décor budgets
  - E. Corporate income tax rules
  
3. Which move strengthens a defensible position without starting a price war
  - A. Cut service quality to lower costs
  - B. Build reliable speed and a distinctive value meal
  - C. Eliminate delivery to reduce complexity
  - D. Raise prices uniformly across all items
  - E. Ignore staff training to save cash
  
4. How should the firm respond to exchange rate shocks on imported inputs
  - A. Keep prices fixed for a year regardless of cost
  - B. Use hedging and reformulate the menu mix

- C. Extend credit to all customers
- D. Terminate supplier relationships suddenly
- E. Freeze recruitment and training

**Mini-Case B: Value Promise vs In-Store Reality**

A chain targets cost-conscious shoppers in adverts but allocates prime shelves to premium imports and décor items. Footfall declines as customers seek stores that deliver on the advertised promise. Staff are unclear about priorities.

5. What is the best diagnosis of the problem
- A. Excellent alignment across levels of strategy
  - B. Misalignment between the brand promise and store execution
  - C. Successful premium differentiation
  - D. Sound corporate diversification
  - E. Regulatory overload
6. Which immediate action best rebuilds credibility with the target segment
- A. Add more décor-focused SKUs
  - B. Realign assortment and price points with the stated value offer
  - C. Stop all promotions to avoid confusion
  - D. Shift fully to e-commerce
  - E. Close outlets in lower-income areas
7. Which metric most directly tracks whether alignment is improving
- A. Travel costs of head office
  - B. Average basket value among the targeted shoppers
  - C. Days to restock décor accessories
  - D. Store rental per square metre
  - E. Annual spending on window displays

### **Mini-Case C: Considering Zambia Entry**

A South African retailer assesses Zambia. Policy signals are pro-business in designated zones. Foreign exchange volatility and inflation complicate pricing and sourcing. Lusaka's middle-income population is expanding.

8. Which PESTLE items dominate the entry screen
- A. Political stance and economic stability challenges
  - B. Only technology patents and environmental fines
  - C. A blanket ban on foreign retailers
  - D. Ethical advertising codes only
  - E. Urban decline
9. Which response best addresses currency and inflation risk
- A. Pre-commit to annual price cuts
  - B. Develop local sourcing where possible and adjust prices as needed
  - C. Rely exclusively on imports
  - D. Remove performance pay to cut costs
  - E. Ignore exchange rates

### **Mini-Case D: National Discounters**

A national grocer follows a low-cost play: large stores, efficient distribution, cash-heavy sales, and simple fittings. Margins are slim, volume is high, and supplier terms are lengthy.

10. Which pattern of numbers fits this strategy
- A. High net margin, low turnover
  - B. Slim margins with strong asset turns and tight operating costs
  - C. Large receivables from extended customer credit
  - D. Heavy décor spend to justify premium pricing
  - E. Negligible logistics investment
11. Which working-capital profile is most consistent

- A. Short payables and long receivables
- B. Long payables with mostly cash sales
- C. Matched receivables and payables days
- D. Core reliance on factoring
- E. Slow-moving inventory driving a long cash cycle

12. Which cultural cue reflects "Perspective" from the 5 Ps

- A. One-off mega discount weekend
- B. Manager-by-manager promotions
- C. A deeply held everyday-low-price ethos
- D. Short-term premium private label launch only
- E. A single annual raffle

**Mini-Case E: SME in a Thin Market**

A small manufacturer in the north faces scarce legal and accounting services and limited finance.

Demand is uneven. The owner wants to grow but is wary of capacity limits.

13. What is a sensible move for the next quarter

- A. Suspend operations until all services exist locally
- B. Build basic internal capability or use vetted online providers
- C. Invest heavily in décor to draw attention
- D. Adopt premium pricing without research
- E. Ignore cash discipline

14. How might the firm test demand without big fixed costs

- A. Cut outreach entirely
- B. Experiment with pack sizes and collaborate on channels
- C. Impose very large minimum orders
- D. Delay any product changes for a year
- E. Rely only on trade fairs

15. If big anchors want innovation where local SMEs are few, they should

- A. Wait for startups to appear
- B. Partner in nearby regions or build internal ventures
- C. Avoid collaboration to protect IP completely
- D. Send all work offshore with no learning goals
- E. Freeze training budgets

**Mini-Case F: Corner Shop Choices**

A neighbourhood store operates near a major supermarket. Price matching at scale is not feasible.

The shop is close to customers, knows local tastes, and stays open late.

16. Which stance best suits this shop

- A. Match prices line-for-line
- B. Differentiate on convenience, local assortment, and service
- C. Compete as a national cost leader
- D. Integrate backward into manufacturing
- E. Merge with wholesalers

17. Which policy most directly supports that stance

- A. Luxury décor makeover
- B. Shorter hours to cut costs
- C. Hyper-local assortment and faster checkout
- D. Ban on mobile payments
- E. Freeze staff development

18. What is the primary use of PESTLE in this course

- A. Audit internal resources
- B. Map macro conditions to spot opportunities and risks
- C. Compute default probabilities
- D. Set product prices

E. Define dividend policy

19. Porter's framework helps managers mainly to

A. Track GDP growth

B. Understand the forces that shape industry profitability

C. Forecast exchange rates precisely

D. Design payroll systems

E. Replace macro scanning entirely

20. Which action shows alignment across levels

A. Corporate targets value shoppers; merchandising pushes upscale décor

B. Corporate commits to discount retail; operations scale logistics; marketing reinforces everyday

value

C. Corporate diversifies randomly; finance cuts distribution

D. Business unit differentiates; HR freezes skill development

E. Marketing builds a premium brand; pricing follows discounters

21. Entrant threat rises when

A. Scale economies are strong and capital needs are large

B. Capital requirements are modest and regulation is light

C. Access to distribution is limited

D. Brand loyalty is entrenched

E. Patents block imitation

22. Supplier power grows when

A. Inputs are standard and many suppliers exist

B. Inputs are specialised and suppliers are few

C. There are many output substitutes

D. Buyers are fragmented

E. The state subsidises consumers

23. Common-size income statements express each line as a share of
- A. Total assets
  - B. Revenue
  - C. Equity
  - D. Net income
  - E. Working capital
24. Conceptually, high inventory turns suggest
- A. Slow movement and high holding costs
  - B. Quick movement and operational efficiency
  - C. High receivables
  - D. Weak supplier ties
  - E. No link to strategy
25. We use Altman Z in class mainly to
- A. Derive the exact cost of equity
  - B. Flag possible distress and open discussion of strategic responses
  - C. Calculate tax shields precisely
  - D. Replace ratio analysis
  - E. Measure brand equity
26. When sales decline, the Z-score for a retailer with significant debt exposure would tend to
- A. Increase automatically
  - B. Decline as profitability and activity weaken
  - C. Remain unchanged
  - D. Depend only on market share
  - E. Become irrelevant to banks
27. Which linkage best translates strategy into numbers
- A. Dividend decisions only

- B. Revenue model, cost base, asset intensity, and financing choices
  - C. HR headcount only
  - D. Tax line only
  - E. Receivables policy only
28. Equity finance is attractive when a firm
- A. Needs patient capital and has little collateral
  - B. Has stable cash flows and sizable tax shields
  - C. Wishes to avoid dilution at all costs
  - D. Funds only quick projects
  - E. Wants fixed repayments
29. The trade-off view of leverage advises managers to
- A. Maximise debt regardless of risk
  - B. Use no debt at all
  - C. Balance the tax benefit of debt against expected distress costs
  - D. Rely only on retained earnings
  - E. Keep leverage at zero in every context
30. In the 5 Ps, "Ploy" is best shown by
- A. A deep belief in everyday value
  - B. A one-time tactic to outwit a rival
  - C. A long-term pattern that emerges over time
  - D. The formal written plan
  - E. The chosen market position
31. In the 5 Ps, "Position" refers to
- A. A realised pattern over time
  - B. Where the firm sits relative to rivals and customers
  - C. The organisation's mindset

- D. A tactical ruse
  - E. The annual budget
32. A focused value retailer entering a township should avoid
- A. Rolling out scaled logistics
  - B. Heavy décor spend that the target does not value
  - C. Negotiating long supplier terms
  - D. Preferring cash sales
  - E. Developing private label
33. Which KPI matters most for a differentiator
- A. Gross margin and realised price premium
  - B. Payables days only
  - C. Inventory turns only
  - D. Receivables days only
  - E. Cash discount capture
34. Which macro change most threatens a low-price promise
- A. Cheaper fuel
  - B. Fast inflation in imported inputs
  - C. Stable exchange rates
  - D. Falling logistics costs
  - E. Lower electricity tariffs
35. At corporate level, the central decision is
- A. Weekly promotion depth
  - B. Which industries or markets to enter or exit
  - C. Shelf layout per aisle
  - D. POS system vendor choice
  - E. Daily reorder point

36. When functions pull against the business strategy, you will see
- A. Crisp execution and clear signals
  - B. Operational drag and confusing customer messages
  - C. Instant market share gains
  - D. Lower coordination needs
  - E. Automatic cost savings
37. Where key support services are missing, a practical response is
- A. Build a basic in-house version while partnering externally
  - B. Pause innovation until the service base appears
  - C. Spend on store décor instead
  - D. Scale nationally first
  - E. Lock five-year inflexible contracts
38. A partnership with a strategic investor can
- A. Attract other stakeholders and open channels
  - B. Remove all governance issues
  - C. Guarantee monopoly power
  - D. Replace cash management
  - E. Eliminate exchange risk
39. Which move most strengthens a cost-leadership path
- A. Raising décor spend per store
  - B. Improving distribution efficiency and scale buying
  - C. Adding bespoke premium ranges early
  - D. Cutting trading hours broadly
  - E. Offering unsecured credit widely
40. Conceptually, which ratio is most linked to short-run resilience
- A. Current ratio

- B. Return on equity
  - C. Asset turnover
  - D. Debt to equity
  - E. Dividend payout
41. On a common-size balance sheet, assets are usually shown as a share of
- A. Total assets
  - B. Revenue
  - C. Gross profit
  - D. Equity only
  - E. Non-current assets
42. Facing inflation with pro-business policy, a retailer's playbook likely includes
- A. Static pricing and reliance on imports
  - B. Flexible pricing, selective local sourcing, and tight cost control
  - C. Premium-only positioning
  - D. Dropping supplier contracts
  - E. Delaying logistics upgrades
43. Which numeric pattern fits a value strategy
- A. High volume, slim margins, and strong turns
  - B. High décor spend with a low-price claim
  - C. Long receivables in a cash-and-carry model
  - D. Minimal logistics in a nationwide network
  - E. Short payables while granting wide customer credit
44. A differentiator usually depends on
- A. No brand investment
  - B. Distinctive features that matter to the target and the capability to deliver
  - C. Commodity inputs alone

- D. Zero training
  - E. Across-the-board price cuts
45. If delivery-only kitchens proliferate in a city, a chain should
- A. Keep prices fixed and ignore service time
  - B. Pursue faster service, delivery partnerships, and distinctive items
  - C. Cut variety randomly
  - D. Reduce peak staffing
  - E. Stop promotions
46. The use of Z-score aims to
- A. Replace managerial judgement
  - B. Prompt early strategic action on cost, mix, and financing when warning lights appear
  - C. Provide exact failure dates
  - D. Prioritise cosmetic upgrades
  - E. Make liquidity tracking unnecessary
47. Which local policy most lowers barriers for town-based SMEs
- A. Raise licensing fees sharply
  - B. One-stop permitting with clear fee schedules
  - C. Restrict market days to once a month
  - D. Mandate premium fixtures for all stores
  - E. Ban co-working spaces
48. Within PESTLE, which technology factor is most relevant to quick-service strategy
- A. Semiconductor patent disputes
  - B. Adoption of mobile payments and delivery apps
  - C. Nuclear policy in Europe
  - D. Space budgets
  - E. Farm subsidies in Asia

49. Which action best reduces supplier power for an importer-heavy retailer

- A. Commit to a single source for five years
- B. Develop alternative local suppliers and multi-source
- C. Pay earlier than terms without discounts
- D. Accept exclusive dealing clauses
- E. Drop quality checks

50. How can a fast-food brand blunt substitute pressure

- A. Freeze menu innovation and hold service times
- B. Launch distinctive value items and link loyalty to delivery
- C. Raise prices across the board
- D. Close digital channels
- E. Cut peak-hour staffing

51. What role can an anchor firm play in an ecosystem to help SMEs

- A. Keep procurement closed
- B. Run supplier development with fair payment terms
- C. Claim all SME IP by default
- D. Send training overseas only
- E. Avoid long-term agreements

52. Which regulatory change would raise entry barriers

- A. Digital self-service licensing
- B. Tighter hygiene and safety standards with scheduled audits
- C. Less disclosure for entrants
- D. Removing zoning near schools
- E. Dropping import documentation

53. Which lever most effectively softens rivalry in a fragmented market

- A. Raise fixed costs rapidly

- B. Differentiate on speed, reliability, and convenience
  - C. Eliminate logistics investment
  - D. Shorten trading hours everywhere
  - E. Offer unlimited credit
54. Which PESTLE social trend most likely shifts menu architecture
- A. Rising preference for lower sugar and salt
  - B. Patent expiry for a drug class
  - C. Tariffs on minerals
  - D. Bank capital rules
  - E. Satellite launches
55. What city-level feature most helps SMEs scale delivery
- A. Unreliable addressing standards
  - B. Stable digital maps and clear addresses
  - C. Monthly internet shutdowns
  - D. Motorcycle bans
  - E. Random trading hours
56. To reduce buyer power without discounting heavily, a chain should
- A. Build loyalty and bundles that raise switching costs
  - B. Match rivals' prices exactly
  - C. Cut product quality variance only
  - D. Remove delivery options
  - E. Hide nutrition info
57. Which legal factor needs proactive training in food retail
- A. Health and safety regulation
  - B. Exchange-rate moves
  - C. Mobile penetration

D. Disposable income

E. Urbanisation

58. Which partnership best extends reach for an SME

A. Exclusive deal that blocks all other channels

B. Co-branding with a regional distributor and clear SLAs

C. Handshake agreements with no metrics

D. Price matching against the distributor

E. Parallel deals with direct rivals on identical terms

59. Which Five Forces element is most affected when delivery aggregators control customer access

A. Threat of substitutes

B. Bargaining power of buyers

C. Bargaining power of suppliers

D. Threat of new entrants

E. Industry rivalry

60. Which corporate action squarely concerns scope decisions

A. Choosing shelf layouts

B. Deciding whether to enter adjacent categories or geographies

C. Setting weekly promotion depth

D. Selecting a POS vendor

E. Scheduling store staff

### **Section B...Answer all questions**

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#### **Case Background**

Okahandja Grocers requires N\$180,000 to finance its operations. The owners have already invested N\$90,000 of their own funds. They are considering whether to raise the remaining N\$90,000 through debt or additional equity.

**Assumptions:**

- Interest rate on debt is 12%
- Estimated operating income is N\$25,000
- There are no expenses apart from interest

**Questions**

a) Scenario 1: Fully Equity-Financed (N\$180,000 Equity)

Using the information provided, prepare an income statement for Okahandja Grocers if the entire N\$180,000 is financed through equity. Show clearly the operating income, interest expense, and net income. Then calculate the Return on Equity (ROE). (10 marks)

b) Scenario 2: N\$90,000 Equity + N\$90,000 Debt

Assume that Okahandja Grocers finances its operations using N\$90,000 in equity and N\$90,000 in debt at a 12% interest rate. Prepare an income statement showing the same components as above.

Then calculate the Return on Equity (ROE). (10 marks)

c) Strategic Recommendation

Based on your analysis in (a) and (b), which financing structure should Okahandja Grocers adopt?

Justify your recommendation using strategic reasoning related to profitability. (10 marks)

d) What If Profits Fall? (Stress Test Scenario)

Assume that due to market conditions, operating income drops to N\$3,000. All other assumptions remain the same. Using Scenario 2 (N\$90,000 Equity + N\$90,000 Debt), reassess the profitability and its implications. What does this suggest about the risks of using debt financing when income is low?

(10 marks).

**END OF QUESTION PAPER**

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**Office of the Registrar**

Examinations and Assessment Administration

**MODERATOR'S REPORT: QUESTION PAPER & MEMORANDA**

*This report is to accompany every question paper and marking scheme/memorandum of model answers that is set and moderated.*

PERSONAL INFORMATION					
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Course (e.g. Economics 1)	STRATEGIC MANAGEMENT	Course Code SMM8115			
Exam Session/Date	NOVEMBER 2025	Signature 			
Exam Type (1st/2nd Opportunity)	SECOND OPPORTUNITY EXAMINATION	Date 29 SEPTEMBER 2025			
		Question paper		Memorandum	
CATEGORY		YES	NO	YES	NO
<b>1. Front cover: The following information is available on the front cover</b>					
The name of the institution		x		x	
The <u>department</u> within which the course falls		x		x	
The name and level of the course		x		x	
The course code		x		x	
The examination session and the year		x		x	
The duration of the <u>paper</u>		x		x	
The names of the Examiners and Moderator(s)		x		x	
Instructions to candidates, and such instructions are clear and <u>unambiguous</u>		x		x	
A list of all the material that is <u>permissible for answering the question paper</u>		x		x	
<b>2. Standard of paper &amp; memorandum</b>					
The standard of the <u>questions</u> is <u>satisfactory</u> and <u>appropriate</u> to the level of the students		x		x	
The question paper comprises a range of question types, i.e., recall, comprehension, analytical etc.		x		x	
The questions cover all parts of the approved syllabus.		x		x	
There is no <u>repetition of questions</u>		x		x	
The <u>question paper</u> is accompanied by a memorandum of model answers		x		x	
The model answers are of <u>satisfactory</u> standard and cover all <u>aspects</u> of the questions		x		x	
Where <u>appropriate</u> , alternative answers are <u>provided</u>			x	x	x
The memorandum is <u>designed</u> in such a way that <u>people</u> other than an examiner can use it.		x		x	
<b>3. Language &amp; Format Question paper &amp; memorandum</b>					
The instructions and the <u>questions</u> are clear and <u>unambiguous</u>		x		x	
Does the <u>paper</u> contain any <u>grammatical</u> and <u>spelling</u> errors			x		x
The paper is formatted <u>clearly</u> (e.g. <u>questions</u> are <u>clearly separated</u> )		x		x	
The marks for each question are allocated clearly in the right hand margin of the question paper & the memorandum			x		x
The marks for each question, each section and the whole paper are calculated		x		x	

4. Adjustments to <u>question paper</u>	YES	X NO X
<p>Are there any questions in the paper that you recommend must be changed / adjusted? If yes, please indicate our <u>adjustments/changes in space below.</u></p>		
<p>No.</p>		
5. Adjustments to the <u>memorandum/marking scheme</u>	YES	NO
<p>Are there any model answers in the memorandum/marking scheme that you recommend must be <u>adjusted/changed</u>? If <u>yes</u>, please <u>specify</u> them in the <u>space</u> below and indicate your <u>adjustments/changes</u>.</p>		<p><u>X</u></p>
<p>6. If <u>you</u> have other comments about the <u>paper</u>, please write them below. At least indicate your overall view of the standard of the examination papers. Please use extra <u>paper</u> if <u>necessary</u>.</p>		

I have reviewed the examination paper and accompanying memorandum and find it well structured. The questions are clear, relevant, and aligned with the core curriculum. Both the multiple-choice questions and the mini case studies are easy to understand and encourage recall of key concepts. The contextual application makes the assessment practical and reflective of real-life scenarios, ensuring students can demonstrate both knowledge and application.