


BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE
GRADUATE SCHOOL OF BUSINESS
MASTER OF BUSINESS LEADERSHIP
EXECUTIVE MASTER OF BUSINESS LEADERSHIP
MASTER OF LEADERSHIP AND CORPORATE GOVERNANCE
STRATEGIC LEADERSHIP AND ORGANISATIONAL DYNAMICS (MBL 512)
STRATEGIC BUSINESS LEADERSHIP AND ORGANISATIONAL DYNAMICS (MBL 527)
EXAMINATION PAPER
DURATION: 3 HOURS 30 MINUTES

 OCT 2023

Instructions and information to candidates

1. Section A is compulsory and carries 40 marks.
 2. Answer Question One from Section A and any three (3) questions from section B.
 3. The paper carries six questions.
 4. All questions in section B carry equal marks of 20 each.
 5. The use of cell phones is not allowed in the exam.
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SECTION A: [COMPULSORY]

QUESTION 1

CASE STUDY: DSTV IS KNEE-DEEP IN TROUBLE

Traditional TV is on its way out, and Multi Choice has no coherent strategy to replace the billions it makes from DStv satellite subscriptions. Bob Iger, Executive Chairman and former CEO of Walt Disney, said traditional TV in all its forms - broadcast, cable, and satellite - is marching to a distinct precipice. He said streaming TV is gaining viewers and that Netflix, Disney+, Amazon Prime Video, and Apple TV+ will continue to grow.

The latest numbers from Leichtman Research Group, which tracks the broadcasting sector, back up Iger's prediction that traditional TV is dying. Over the last year, top pay-TV providers in the United States recorded a net loss of 5,425,000 subscribers, significantly higher than 4,550,000 over the prior year. South Africa is far behind the United States in broadband penetration and streaming adoption, but MultiChoice is not immune to the global cord-cutting trend. MultiChoice started to experience a decline in DStv Premium subscribers seven years ago. Between 2015 and 2018, DStv Premium subscriptions declined from 2.35 million to 1.92 million. In 2018, MultiChoice changed its reporting standards, but the trend of high-end DStv subscribers dumping the service remained. Between 2018 and 2022, DStv premium subscribers declined from 1.7 million to 1.4 million. Its latest financial results also revealed a 6% decline in mid-market compact and commercial packages, which has not happened before. It means the trend of people dumping their DStv subscriptions is now moving down the value chain, which should be of great concern to MultiChoice. The cause of people increasingly cancelling their DStv service is twofold. More South Africans are accessing fast, affordable, uncapped broadband, especially in less affluent areas. More streaming products are available in South Africa, and households must pick between them based on their budgets.

The bad news for MultiChoice is that the situation will only worsen in years to come. Vumatel, Openserve, and other fibre network operators are aggressively rolling out fibre across South Africa and are now targeting mid and low-income households. Mobile network operators are also offering

affordable uncapped 4G and 5G data packages to people who cannot get access to fibre. Therefore, the number of South African households with broadband access that can support streaming is rapidly increasing. These households can now replace their expensive DStv service with affordable streaming options, like Netflix, Disney+, and Apple TV+. To compound MultiChoice's problems, Amazon is expected to launch its marketplace in South Africa in February 2023, with Amazon's Prime membership programme following shortly afterwards. Amazon Prime includes Prime Video with unlimited access to a large catalogue of movies, TV series, and documentaries. The tremendous benefits of Amazon Prime will encourage many South Africans to sign up for the service. They may reconsider paying hundreds of rands for DStv when they get access to Prime Video as part of their Amazon Prime subscription.

MultiChoice is doing its best to convince investors that it has an excellent digital strategy to protect against increased competition from Netflix, Amazon Prime, and Disney+. The company is punting a one-stop shop strategy where subscribers pay one bill and get access to all streaming content. The Explora Ultra set-top box allows DStv customers to access third-party applications like Showmax, Netflix, and Amazon. However, MultiChoice does not release numbers related to its streaming products, like how many Showmax subscribers it has or revenue generated from streaming. The reason is simple. It is so insignificant that investors will realise that its streaming strategy is currently not much more than a vanity project in case it needs it later. It leaves MultiChoice in the same situation that bookstores, newspapers, and video stores faced when the Internet started to disrupt their industries. They know they must adapt, but it is nearly impossible because they made most of their money – and big profits – from their traditional business models.

MultiChoice is faced with a situation where its premium and mid-market segments are dumping their DStv subscriptions in favour of streaming services. In turn, the decline in high-end customers is driving down the average revenue per user (ARPU). The ARPU of MultiChoice's 90-day active subscribers in South Africa declined from R317 per month in March 2018 to R269 in March 2022. To stem the decline in revenue per user, MultiChoice continues to increase the price of its DStv packages. However, it makes DStv even less appealing compared to streaming alternatives. MultiChoice is now in a situation where it must decide whether it wants to become a streaming provider or sweat its satellite pay-TV service assets as much as it can. Its current strategy is to play it safe by dipping its toe into streaming without risking its own streaming products.

cannibalising its lucrative satellite revenue. This strategy leads to a slow deterioration of the business, which is clearly visible in its latest financial results

(Adopted from the Daily Investor 17-09-22)

Required:

- a) Identify and explain the major thematic strategic leadership and organisational dynamics issues raised in this case study. **(10 marks)**
- b) From the case study, explore the strategic leadership shortcomings at Dstv and enlighten their implications on the organisation. **(15 marks)**
- c) Recommend to other leaders in organisations in the information and communication technology sector on dynamic strategies for business success. **(15 marks)**

[Total: 40 marks]

SECTION B: Answer any three (3) questions from this section.

QUESTION 2

'In the face of the 21st Century organisational dynamics, Stephen Covey's eight habits of highly effective leaders are of no use to most successful strategic business leaders'. Assess the validity of this assumption made by a group of Strategic Leadership scholars. **[20 marks]**

QUESTION 3

Demonstrate how an organisation of your choice has managed to use the Blue Ocean Strategies as described by Renee Maubouhne and Kim Chan in the business environment. **[20 marks]**

QUESTION 4

Using practical examples, assess the applicability of the concept of business excellence to your organisation. **[20 marks]**

QUESTION 5

'There is only one best style to lead organisational dynamics'. Review this statement in light of strategic organisational leadership. **[20 marks]**

QUESTION 6

Examine the role of leadership in organisational culture change management in an organisation of your choice. **[20 marks]**

END OF EXAMINATION QUESTION PAPER