

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE
GRADUATE SCHOOL OF BUSINESS
MASTER OF BUSINESS LEADERSHIP
CORPORATE ENTREPRENEURSHIP AND INNOVATION MANAGEMENT
(MBL 530)
EXAMINATION PAPER
DURATION: 3 HOURS 30 MINUTES

Instructions and information to Candidates

 **OCT 2023**

1. Section A is compulsory and carries 40 marks.
 2. Answer 'Question 1' from Section A and any three (3) questions from section B.
 3. The paper carries six questions.
 5. All questions in Section B carry equal marks of 20 each.
 6. The use of cell phones is not allowed in the examination.
-

+

SECTION A

QUESTION 1 [COMPULSORY]

CASE STUDY: THE RISE AND FALL OF NOKIA

Nokia was the first brand to dominate the mobile phone industry. It catered to all market segments with its wide range of mobile phones covering low-end to high-end models. Unlike many brands in the market today, Nokia was able to enjoy unrivaled market dominance for a number of years from its formation and resounding success to its downfall and why it happened.

Nokia started making strides into the mobile telephone industry in 1979. It established a joint venture with Salora, a TV maker, and together created Mobira Oy, a company that would usher Nokia into the next golden age of mobile phone innovation. In 1982, Mobira Oy introduced the Mobira Senator, the first car phone weighing 9.8 kgs. In 1984 Nokia acquired Salora and retitled its telecommunication division to Nokia-Mobira Oy, which was later renamed Nokia Mobile Phones in 1989. After the Salora acquisition in 1984, Nokia Mobira released its first handheld portable phone, the Mobira Cityman. It weighed 800 grams and had a better signal than the Mobira Senator phone, but low coverage. It was the first mobile company to introduce a GSM handheld cell phone, the Nokia 1011, in 1992. This invention spread rapidly, increasing the phone's market demand. In the mid-90s, Nokia was supplying its GSM cell phones worldwide. It launched a Nokia 2100 series featuring its first ringtone in 1994. In 1996, it released the first smartphone, the Nokia 9000. This new model had improved technical features. It sported a web browser, business programs, and a QWERTY keyboard, and could send and receive fax and emails.

Nokia also pioneered 3G and LTE technology and continued to launch gadgets that delivered a better experience than their competition. This is understandable to those who used the Nokia 7650, Nokia's first cell phone with a built-in camera, released in 2001. Nokia phones became highly sought-after, but the Finnish company could not meet the rising demand regardless of its mass production. This created a market gap for its rivals, Apple and Samsung. In the mid-1990s, Nokia had to realign its supply chain systems and processes to expand its market share. Its revenue increased from \$6.65 billion to \$31.72 billion from 1996 to 2001. Nokia commanded the largest market share and was named the mobile phones global leader in 1998. It continued to dominate worldwide until 2007, with a market share of 50% at the time.

While 2007 was Nokia's apex year, it was also the start of its spectacular downfall. Its mobile phone sales began to drop, and the company almost announced bankruptcy in 2013. This had much to do with both the company's internal and external environments. In 2006, there were changes in the top management. Olli-Pekka Kallasvuo was appointed the new CEO. Instead of focusing on innovations that would help keep them ahead of the competition, Nokia was busy producing their traditional phones. This move created room for Apple and Google to introduce their iOS and Android OS phones, which are more advanced than Nokia's Symbian OS devices.

In 2010, the release of Nokia's N97 Model that was to run on Symbian^3 did not materialize. That same year, Stephen Elop was appointed the new CEO, replacing Olli-Pekka Kallasvuo. One year later in 2011, Nokia partnered with Microsoft to make Windows cell phones, hoping to reclaim its market share however mobile phone sales declined further. In 2014, Nokia Mobile Phone Division was on the verge of becoming bankrupt and was purchased by Microsoft for \$7.2 billion.

Nokia could have been affected by its turbulent ups and downs at a time when brands like Samsung, Apple, HTC, and Huawei were making rapid strides to build their market share. Desperate for a shift in fortune, Nokia established a joint venture with Microsoft, but their dominance in the phone industry was long gone. Its internal and external environments destabilized its monopoly. Nokia could not spot the changing trends in social sites and eCommerce. It thought it was familiar with its consumers' requirements and was well established in the market, and Nokia failed to diversify. The Finland mobile company stuck on Symbian while their rivals, Samsung and Apple, were adopting new technologies, Android and iOS, respectively. Slowly, Apple and Samsung smartphones navigated into Nokia's space.

Before Nokia could strategize to meet the consumer software needs with its Windows phones, it was too late—most cell phone users had already moved to iOS and Android devices. Failure to upgrade to a superior operating system like Android led to the downfall of the Nokia mobile phone business. The Finnish cell phone company had good days in the late 90s and early 2000s when it was very innovative and would keep abreast of its consumer needs and provide effective solutions.

But as its consumer base grew exponentially, it stopped introducing new technologies and focused on mass production of its traditional phones. People wanted new and improved experiences, which they got from Apple, HTC, and Samsung. Today, it focuses on networks, its core business. HDM Global took over the manufacturing of Nokia mobile phones in May 2016.

(Adopted from the Harvard Business Review, 2022)

Required:

- a) In the case study, Nokia is presented as an iconic brand that commanded the largest market share and was named the mobile phones global leader in the mobile phone industry during its prime years. Uncover the major reasons that can be attributed to this phenomenon.
(20 marks)
- b) From the case study, ascertain the major corporate entrepreneurship and innovation failures that led to the once glorified Finland-based legendary phone-maker's downfall in maintaining its number 1 position in the mobile phone industry.
(20 marks)

[Total: 40 marks]

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

QUESTION 2

In a developing country such as Zimbabwe, using real practical illustrations, assess the dimensions through which environmental turbulence has created the need for corporate entrepreneurship and innovations. **[20 marks]**

QUESTION 3

'Asian companies have been successful in international entrepreneurship and innovations.' Motivating your answer with relevant illustrated examples, examine this conclusion made by some Corporate Leaders in relation to different motivations of corporates to go international. **[20 marks]**

QUESTION 4

After completion of your Master's degree studies you are appointed as the Head of Corporate Entrepreneurship in your organisation, deliberate on the major variables that are crucial for designing work environments that support your Corporation's Entrepreneurial and Innovation Management Strategy. **[20 marks]**

QUESTION 5

Analyse any **four** (4) schools of thought on corporate entrepreneurship that Corporate Leaders may need to understand in the operations of their organisations. **[20 marks]**

QUESTION 6

Discuss any **four** (4) practical implications of organisational support services to corporate entrepreneurship and innovation. **[20 marks]**

END OF EXAMINATION PAPER