

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

MAR 2024

Instructions and Information to Candidates

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.
 4. All questions in Section B carry equal marks of 20 each.
 5. The use of cell phones is not allowed in the examination.
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SECTION A: [COMPULSORY]

QUESTION 1

CASE STUDY: A LOOK AT LENOVO'S STRATEGY AND BUSINESS MODEL

Since its founding in 1984, Lenovo Group Limited (OTCMKTS: LNVGY) has enjoyed a prodigious rise to become one of the world's largest technology companies. At the heart of Lenovo's growth in recent years has been a strategy—known as “protect and attack”—that was put in motion by CEO Yang Yuanqing. As its name suggests, this strategy combines defensive and offensive elements. Defensively, Lenovo seeks to build on its success in China, where it currently occupies a dominant position as China's (and the world's) top vendor of PCs. Offensively, Lenovo seeks to grow internationally by leveraging acquired assets and expanding sales to emerging markets.

In carrying out this strategy, Lenovo makes use of two interrelated business models referred to by Lenovo executives as their “Transactional” and “Relationship” business models. The transactional model emphasizes sales to retail consumers and small to medium-sized businesses, both directly (through online and physical Lenovo storefronts) and indirectly through distributors and retailers. The relationship model targets enterprise customers such as educational and governmental institutions, as well as large businesses. Sales occurring through this model are characterized by a greater degree of personalized service by Lenovo staff and are executed through a combination of internal sales representatives and business partners.

As Warren Buffett famously remarked, the most enduringly successful businesses are those that possess economic moats protecting their profits from encroachment by competitors. On face value at least, Lenovo has many such moats in China. Perhaps the most impressive advantage enjoyed by Lenovo in China is its immense network of distribution channels. Lenovo has access to thousands of sales points in its Chinese distribution network, the majority of which are exclusive distributors of Lenovo products. The advantages of this network extend beyond mere scale. Lenovo's local expertise as a company born in China lends it an advantage over non-Chinese competitors. A case in point—Lenovo's “wedding computer,” a low-cost product adorned in red (a colour connoting luck in China) and emblazoned with the Chinese character for “happiness.” The local insight embodied in this product, which proved wildly popular among rural Chinese consumers, suggests that foreign competitors may face difficulty in unseating Lenovo in the hearts and minds of Chinese consumers.

Lenovo's executives have made it clear that protecting these competitive advantages in China is a top strategic priority. But they have also made clear that their ambitions do not end there. For most companies, becoming a market leader in China would be amply ambitious. For Lenovo, however, it is only the start of their dreams. Having established themselves as the leaders of China's PC market, they have since undertaken to expand their presence in emerging markets such as India, Russia, and Brazil. This strategy is not without sacrifices. Initially, these expansions generally cause operating losses as a company invests in

establishing its sales presence in the target market. However, this unprofitable period is endured with a clear goal in mind: once a double-digit market share is attained, Lenovo's policy is to switch their priority toward a balance of continued growth and profitability.

In theory, Lenovo's long-term goal is to recreate the dominant position it enjoys in China in each of its expansion markets. In practice, however, this is far easier said than done. Lenovo's executives are well aware that the diverse markets in which they operate—which include the Americas, Europe, Africa, the Middle East, and Asia—are each home to unique consumer preferences, competitive landscapes, and regulatory regimes. Simply copying the factors that contributed to Lenovo's success in China and exporting them throughout the world would unlikely result in success in other markets. Instead, Lenovo has sought to leverage the local expertise of competitors through acquisitions.

Lenovo has a history of negotiating strategic acquisitions and partnerships. In October 2014, Lenovo its acquisition of Motorola Mobility from Google Inc. In November 2017, Lenovo announced its purchase of a 51% stake in Fujitsu's PC division. The deal was part of a joint venture between Lenovo, Fujitsu, and the Development Bank of Japan. The goal of the venture is to drive growth in the development and manufacture of Client Computing Devices (CCD) for the global PC market.

Although Lenovo's rise has rested mainly on the PC market, in recent years it has moved toward more diverse revenue streams. Underlying this movement is CEO Yang Yuanqing's belief that PCs are developing toward what he calls the "PC+ Era," in which PCs exist as the central hubs linking a network of interconnected devices such as tablets, smartphones, and smart TVs. Implicit in this vision is a desire to steer Lenovo from a world leader in traditional PCs to a world leader across the range of "PC+" devices.

While the company focuses on diversification, it has a long way to go to achieve the huge market share enjoyed by its top competitors in both the smartphone and tablet markets. As of the second quarter of 2020, Lenovo came in seventh place in global smartphone market share, capturing only 3% of total sales. Huawei and Samsung ranked first with 20% market share, followed by Apple, which had 14%. In the fourth quarter of 2020, Lenovo came in third place in tablet sales with a 10.7% share of the market, well behind Apple, which earned a commanding 36.5% share of the tablet market.

If Lenovo's "protect and attack" strategy is to succeed, the company will need to continue to defend its leadership position in China and the global PC marketplace, all while expanding its foothold in emerging markets and "PC+" product categories such as smartphones and tablets. While the long-term potential of Lenovo's strategy remains to be seen, few can deny that the company has taken significant strides in recent years.

Source : (Investopedia, 2023)

Required:

a) Lenovo Group Limited 'has enjoyed a prodigious rise to become one of the world's largest technology companies'. With facts from the case study, what could have been the organization's its success? **(20 marks)**

b) From the case study, ascertain the major strategic shortcomings of Lenovo's leadership and their business model that eroded its world leader market position and highlight the key take aways for other organisations. **(20 marks)**

[Total: 40 marks]

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

QUESTION 2

Examine the significance of Bryan Smith and Joel Yanowitz recommendations on the role of leadership in a learning organization of your choice. **[20 marks]**

QUESTION 3

'David Snowden's Cynefin framework does not influence to organisational leadership in managing VUCA environments'. Discuss this preposition in relation to domains covered in the framework giving Zimbabwean organisational examples. **[20 marks]**

QUESTION 4

With practical Zimbabwean examples, demonstrate the purposefulness of business excellence model of Tom Peter and Robert Waterman to modern day business operations. **[20 marks]**

QUESTION 5

Assess the usefulness of Osterwalder and Pigneur's Business Idea Generation model in contemporary Strategic business leadership and organisational dynamics. **[20 marks]**

QUESTION 6

In terms of leadership and power-politics perspectives evaluate the appropriateness of any **four (4)** of Robert Greene's Forty-Eight Laws of Power in implementing organisational culture change in an organisation of your choice. **[20 marks]**

END OF EXAMINATION PAPER