



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	Johannesburg Business School
DEPARTMENT	Business Management
CAMPUS	APB
MODULE NAME	Strategy Implementation
MODULE CODE	AC1STIM
SEMESTER	First
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Final Summative Assessment 2020

ASSESSMENT DATE	June 2020	SESSION	
ASSESSOR	Dr H Boikanyo		
MODERATOR	Mr A de Beer		
DURATION	120 min	TOTAL MARKS	100

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	3
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INFORMATION/INSTRUCTIONS:

- This is an online assessment.
- Download the examination and answer in a MS Word document.
- Save your document and submit it with your full names and student number on Turnitin or Safe-Assign
- Read the questions carefully and answer only what is asked.
- Answer all the questions:
- Number your answers clearly.

STUDENT NUMBER :

Read the case study below and answer the questions in Question 1.

QUESTION 1**[71 MARKS]****CASE STUDY: Nissan, Renault in talks to merge, create new company**

Renault SA and Nissan Motor Co. are talking about a possible merger. This will solidify their two-decade-old alliance under a single stock. This is also an unprecedented shift toward electric and shared cars that will transform the industry. This deal would end the existing alliance between the two companies and a merger would marry them as one corporation. Renault owns 43% of Nissan while the Japanese carmaker has a 15% stake in its French counterpart. Carlos Ghosn, the chairman of both companies, is driving the negotiations and would run the combined entity if the merger happens.

Such a merged corporation would be a more formidable rival for Volkswagen and Toyota Motor Corporation because it would allow the partners to better pool their resources. Janet Lewis, an analyst at Macquarie in Tokyo, said that "Size matters in the auto industry." This is especially important as the motor industry shifts toward new-energy vehicles, autonomous driving, and car-sharing services. The alliance of Renault and Nissan has brought savings over the years, but the fragmented ownership structure has prevented the companies from really reaping the full benefits of their union.

The negotiating parties are discussing a transaction in which Nissan would essentially give Renault shareholders stock in the new company, while Nissan shareholders would also receive shares in the new company in exchange for their holdings. The automaker may maintain headquarters in both Japan and France.

It is, however, difficult to get the deal done. No final decisions have been made and the talks, which have been ongoing for several months, may not result in a deal. The French government owns 15% of Renault and may be reluctant to relinquish control over its stake or have its position watered down. Both the French and Japanese governments would also have to approve a deal and may have strong opinions on where the combined company is domiciled. One possibility would be to base the company in London or the Netherlands. The cross-Atlantic carmaker Fiat Chrysler Automobiles NV, for example, has its corporate charter in the Netherlands, while maintaining its headquarters in both Italy and the US.

A spokesman for the Renault-Nissan alliance said the group does not comment on rumours and speculation, while a spokesman for the French finance ministry declined to comment. Representatives for Yokohama, Japan-based Nissan and Renault also declined to comment.

Source: Adapted from <https://www.bloomberg.com/news/articles/2018-03-29/nissan-renault-are-said-intalks-to-merge-create-new-company> (Accessed on 17 July 2018)

- 1.1 What type of strategic change is obvious from this case? Discuss all the different types of strategic change as a background to the answer. (10)
- 1.2 There are main strategic change issues that must be managed and taken into consideration when Nissan and Renault merge. Discuss six (6) of those strategic issues. (12)

- 1.3 If a substantial number of employees might lose their jobs as a result of this acquisition, do you think the process should be managed in the same way? (4)
- 1.4 Coordination is an important aspect in organisational structure to ensure organisational alignment. Discuss six (6) coordinating mechanisms and provide a practical example of how each of those mechanisms can be used for a new company formed by merging Nissan and Renault. (12)
- 1.5 There are seven (7) parameters of design which were identified by Mintzberg (1979). Discuss how you would apply each of the 7 parameters to help coordinate the division of labour and activities in the organisational structure If you were appointed as manager responsible for the merger. (21)
- 1.6 Briefly discuss the four perspectives of the balanced score-card. Provide two (2) examples of the goals that you would use for each perspective when you apply a balanced score-card for the Nissan-Renault new merger. (12)

QUESTION 2**[29 MARKS]**

- 2.1 The source of competitive advantage is value creation. How can a strategic leader contribute to value creation? (10)
- 2.2 Briefly discuss how a strong, positive culture can enhance an organisation's competitive advantage? (5)
- 2.3 Discuss in your own words seven (7) tests that you can use to help in developing a 'working' organisational structure. (14)

END OF ASSESSMENT