AN EVALUATION OF WHETHER THE INTRODUCTION OF MULTI-CURRENCIES (DOLLARIZATION) NECESSITATED A REVIEW OF THE COMPANY’S BUSINESS MODEL(S): A CASE OF NUTRIVEG (PRIVATE) LIMITED (2009-2012)

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DECLARATION

I, NYAMADZAWO PHILIP SIMON do hereby declare that this dissertation is a result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

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ACKNOWLEDGEMENTS

My appreciation goes to the Lord for blessing me with this opportunity embark on the MBA journey, it has been a transforming and fulfilling experience.

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My appreciation also extends to the Graduate School of Management lecturers and staff for the profound knowledge I have gained during my study.

My classmates, friends and family thumps up!
ABSTRACT

Generally, the introduction of multi-currencies or dollarization in Zimbabwe was a welcome development; a research gap exists as to why businesses have not performed to expectations. This research was is a genuine attempt to at least eliminate the probability that all that is required is modification and alignment of our local businesses to suit the new dispensation. The research was based on a single case study of Nutriveg (Private) Limited, a local agro based processing and manufacturing concern.

Empirical data was gathered from interviews held from the tem executive management staff, closely responsible with the company's strategic operations. The qualitative data was analyzed using content analytic tables.

The results of the study show that Nutriveg is in the process of re-aligning its business model in line with dollarization. It has not done so far enough and has been paying the price.

The research came up with some recommendations the organization may employ to expedite alignment of its model or the change some of the components completely especially those responsible for revenue generation and the value chain.
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CHAPTER ONE

INTRODUCTION

1.1. Introduction

This chapter contains an introduction to the dissertation. It chronicles the background of the study, problem statement, research objectives, research questions, proposition, and scope of the study as well as the justification of the study.

This research seeks to evaluate whether the introduction of multi-currencies in Zimbabwe in February 2009, commonly referred to as ‘Dollarization’ required a change in the business model (s) by Nutriveg (Private) Limited (herein after referred to as Nutriveg) If the answer is affirmative, to proceed and review the appropriateness of the business model (s) adopted by the company and contextualize the solutions to other Zimbabwean businesses who happen to be operating in the same environment and supposedly in search of solutions.

Rappa (2001) defines a business model as “the method of doing business by which a firm can sustain itself” (p.23) and notes that the business model is the means by which a firm generates revenues, an epitome of its position in the value chain.

Davenport, Leipold and Voelpel (2006), Osterwalder and Pigneur (2004) have positioned the business model concept between inputs used by a firm or venture to gain economic outputs.

Osterwalder (2004) describes the business model of an organisation as “a representation of how a company buys and sells goods and services and earns money” (p.78). In his earlier piece of work, refers to a business model as a simplified representation of its business logic. It describes what a company offers its customers, how it reaches them and relates to them, through which resources, activities and partners it achieves this and finally, how it earns money.
1.2 BACKGROUND OF THE STUDY

Dollarization, since its implementation, has been a topical issue in the Zimbabwean context. Much has been debated and discussed in the economic forum on how good it has been for the Zimbabwean economy. Unfortunately, most of the discussions have been at macro-economic level, focusing on the once known and dreaded economic ills such as reduction of inflation, price and interest rates stability. There is however a lack of empirical evidence as to the impact of dollarization at the very micro-level and more directly, the daily business activities. Hence the author sees the possibility of falsified comfort and confidence in the dollar by business which might have detrimental effects in the future should they remain static and adopt ‘a business as usual approach’.

The positive and negative impacts on the dollar in many publications have been measured only at macro-economic level and little has been said at micro-economic level and of particular outcomes of the phenomenon for individual economic agents. Dollarization was thus a detour from the norm and its implications ought to be known.

Dollarization has been adopted by Countries that face an ailing economy characterized by hyper inflation (Berg, Borensztein, 2000) but the root causes of hyperinflation are not purely economic, other factors come into play such as the controversial land reform programme and the targeted sanctions against Zimbabwe. In as much as dollarization is meant to revamp business it might be a different story for the manufacturing companies in Zimbabwe as there is low production, under capitalization of operations, restrictive measures and sanctions on certain markets and sources of raw materials and little or no Foreign Direct Investment (FDI) coming to Zimbabwe or access to off-shore funding points towards the need to re-evaluate the how part of business operations if there is to be a smooth transition and accrual of real benefits for our businesses.

Prior literature has weaknesses in that it is foreign based and does not relate to the Zimbabwean unique environment and in the same vein when dollarization was introduced in other countries plans were set for the total macro economic recovery of these countries with the full support of international bodies such as the IMF but this has
not so in the Zimbabwean case. In the absence of the above, perhaps change must happen at business model level?

1.3 Industrial Analysis

1.3.1 Macro environmental Analysis

There are many factors in the macro-environment that affect the decisions of the manager of any organization and directly influencing the business model of the business. Tax changes, new laws, trade barriers, demographic change and government policy changes are all examples of macro change. To help analyze these factors managers categorize them using the PESTEL model.

Political

Political factors refer to government policy such as the degree of intervention in the economy. Political decisions have impact on many vital areas for business of Nutriveg. Other political factors that have impacted on the business of Nutriveg, include the Government of National Unity (GNU), which has created a calm political environment with the country now being integrated in the international community boards. Furthermore the fast track land resettlement program undertaken a few years back in the country has reduced the output in the farms and this has greatly affected Nutriveg operations in that, it undermined its source of raw materials (fresh vegetables for processing).

Economic

Economic factors include interest rates, taxation changes, economic growth, inflation and exchange rates. Higher interest rates may deter investment because it costs more to borrow. Moreover, a strong currency may make exporting more difficult because it may raise the price in terms of foreign currency. Also inflation may provoke higher wage demands from employees and raise operating costs, a phenomenon quiet characteristic of the Zimbabwean labour market. Furthermore, higher national income growth may
boost demand for a firm's products. As explained above, dollarization of the economy has its own effects to the operations of firms like Nutriveg. Hence, this study is meant to evaluate the feasibility of the organization's business model.

Social

The social factors refer to changes in social trends which can impact on the demand for a firm's products and the availability and willingness of individuals to work. Before dollarization the work ethic culture disappeared as Zimbabweans became multi-millionaires overnight through the parallel market dealings. The other social factor which can affect the business of Nutriveg is the relish preference of the society influenced by the drive for healthy living.

Technological

The technological factors can be through new technologies which create new products and new processes. Technology can reduce costs, improve quality and lead to innovation. These developments can benefit consumers as well as the organizations providing the products. A company can be able to trade on global markets when their technology is well up to international standards. For Zimbabwean businesses this is a must to earn international price competitiveness.

Environmental

Environmental factors include the weather and climate changes. Changes in temperature can impact on many industries including farming, tourism and insurance. With major climate changes occurring due to global warming and with greater environmental awareness this external factor is becoming a significant issue for firms to consider especially for Nutriveg which depends on agricultural produce. Another typical issue relates to preservation of the environment which if not managed properly can lead to product boycotts.
Legal

The legal factors are related to the legal environment and the respective institutions in which firms operate. Goes hand in hand with political factors, especially when it comes to matters relating to the local indigenization drive.

1.3.2 Porter’s Five Forces

Porter (2005) analyses the structure of an industry environment in terms of five basic forces which are buyers, suppliers, potential competitors, substitutes and competitive advantage. Skaik (2009) reinforces that Porter’s Five Forces for competitive advantage provides a simple perspective for assessing and analyzing the competitive strength and position of a business organization. At the most fundamental level, firms create competitive advantage by perceiving or discovering new and better ways to compete in an industry and bringing them to market, which is ultimately an act of innovation. Figure 1.1 below is a detailed diagram which shows Porter’s Five Forces for Competitive Advantage Framework.
Figure 1.1: Porter’s Five Forces

Source: Porter (2005)

Porter (2005) identifies five forces that any organization will need to be wary of and constantly check upon in order to maintain and create competitive advantage in this emerging networked economy. These are:

**Bargaining power of suppliers**

Suppliers are the businesses that supply materials and other products into the industry (Porter 2005). You will find out that with agricultural produce, if suppliers have high bargaining power over a company, it means that the industry is less attractive. Following the land reform and low agricultural productivity Nutriveg found itself held at ransom by the few farmers growing fresh vegetables.
It is therefore, the farmers that hold the ultimate powers when it comes to supplies’ bargaining power. They can hold onto their product and cause artificial demand and force prices to raise meaning that the suppliers will have a higher bargaining power.

**Bargaining power of buyers**

Porter (2005), states that the bargaining power of the buyers has increased over the years. Major customers of Nutriveg are corporate, mainly food industrial processors as well as individuals for domestic consumption. Customers are now highly price sensitive and opting to import where possible. Consumers are comparing both local and regional prices mainly from South Africa hence buyers now have the power to force companies reduce prices largely due to the removal of travel restrictions and reduction of duty to members companies of SADC and COMESA.

**Threat of Substitute products**

There are competitive pressures that arise from substitute products which tend to split the market if the switching costs are minimal, (Porter, 2005). Nutriveg faces this competition from other players, such as Favco, Kutapira, Harare Produce and Mbare Musika Traders, where most farmers go direct with their farm produce, this as at one level, competing for raw materials and in the market dried vegetable products have their equivalent of fresh vegetables as a direct substitute.

**Barriers to entry/Rivalry**

According to Porter, barriers to entry are unique industry characteristics that define an industry. The barriers reduce the rate of entry of new firms. Barriers can be created or exploited to enhance a firm’s competitive advantage. Kotler (2001) also identified some sources of these barriers as:

- Government policies
- The final factor is the rivalry among competitors that can be achieved through a number of strategies such as pricing policies innovation in operation.
A vegetable dehydration factory, like the one Nutriveg has cost USD12million to purchase and commission. One of the most effective barriers to entry relate to the capital outlay required in setting up the project.

**Rivalry**

The market now comprises of many players. These can easily come in and exit the industry without any restrictions especially at market level. The difference in this industry when it comes to rivalry or competitors is that they can help each other in times of need. For example Nutriveg can help Favco to store its produce when they have any challenge with their facilities. On the other hand Favco can also give an order to Nutriveg to supply their client when they do not have the product in stock.

The information gained on the competitive pressures should then be used to define the model to be adopted by the organization and provide ultimate insights on what is required to build a successful entity.

**1.4 BACKGROUND OF THE ORGANIZATION**

Fresca Holding (Private) Limited was established in 1997 as a joint venture between Foodtech Industries VOF of the Netherlands and Interfresh. Fresca Holding then changed its name in 2002 to TZI of Zimbabwe. In 2006 the same company got new ownership, 100% Zimbabwean to become Nutriveg (Private) Limited. The company was one of the first to receive Zimbabwe Investment Centre approval to be established under the Export Processing Zone Act.

Nutriveg owns and runs a giant industrial vegetable dehydration plant, with a capacity to process at least 80 metric tonnes of fresh vegetables per day into various products which include flakes, powders and dehydrated vegetables, locally referred to as mufushwa. The industrial plant was acquired for Seven Million United States Dollars and is one of the largest in Africa.
The factory is situated at Number 5 Shamwari Road, Mount Hampden, Harare, Zimbabwe. These premises are rented from the Communications and Allied Pension Fund under a long-term lease and the premises were specifically designed to accommodate this unique plant and equipment.

The location is ideal, about 20 kilometres from the city centre and thus convenient for deliveries from farmers and subsequently to the local market or airport for export.

The administrative offices are at Number 10, Oatlands Drive, Borrowdale Brooke, Harare for easy accessibility to ICT facilities and other related essential business services.

The operations of the company are heavily reliant on the provision of fresh vegetables from farmers, following the commencement of the land reform program, the company lost a considerable number of its reliable outgrowers and, as a result, its performance was undermined due to constrained throughput. The company’s main raw materials are fresh vegetables supplied from farmers.

Like most manufacturing companies in Zimbabwe, Nutriveg stopped production at the height of the hyperinflationary environment. Ernest efforts to refurbish and restart the operations started from mid 2009 following dollarization. The thrust then was to refurbish and service equipment that had been lying idle for over 5 years and resume production. Little or no attention was paid towards other pillars of the business, such as raw material supplies, the markets, the supply chain- other service providers. When Nutriveg stopped operations the value chain collapsed, suppliers closed shop and consumers looked for alternative products.
Figure 1.2 Nutriveg organogram

Source: Nutriveg Company Profile (2012)

The above organogram has remained the same before and after dollarization. This study will evaluate the notable absence of a marketing executive at the top of the organization. Before dollarization the company had a comprehensive and well networked distribution channel, completely out sourcing all export sales. The structure has fallen short in that the marketing drive has been very weak and the company failing to push as much sales as they should. In general all positions are held by qualified personnel mostly those returning from the diaspora following the introduction of multi-currencies.
1.4.1 Nutriveg Business

Earlier on reference has been made to the business model as the way a business earns and generates revenue. Nutriveg is into the processing of fresh vegetables into dried vegetable products. In Africa, the most ancient and trusted method of preserving vegetables is through dehydration either using fire or the sun. Nutriveg offers the full scale and industrial version of the same concept.

Why Dehydrated Vegetables business?

- Retain over 95% of nutrients and retain more nutrients than frozen or canned vegetables.
- Cost less than their canned or frozen counterparts.
- Have a long shelf life – well over two years.
- Do not require refrigeration (which is expensive).
- Are lighter and thus easier and cheaper to transport.
- Are available regardless of season.

Market analysis

Nutriveg produces for the local and international market. Prior to the meltdown of the Zimbabwean economy, 95% of the company’s output was exported to the EU, North America and the Southern Africa region.

The dried and processed vegetables are used in a variety of applications; such as relish, spreads, baby foods, soups, snacks, fast foods, as condiment and flavouring in the manufacturing of tomato ketchups, sauces, salads, pickles, chutneys, sausages, breads, soap, and also in medicines. In addition, the mixed vegetables (mufushwa) are directly consumed as relish and vegetables.

Nutriveg’s target local market are the leading food processors such as Unilever, Victoria Foods, Blue Ribbons (CFI), National Foods, Nestle Zimbabwe and Grain Marketing
Board among a host of informal distributors such as tuck shops and sole traders, especially in arid regions such as Matabeleland.

On the export market side, Fresca and Nutriveg had a strategic alliance with Sensient Technologies from the USA. Sensient is the second largest dehydrated vegetable processor and distributor in the world. The primary benefit of such alliances is the access to established worldwide markets. These alliances were lost prior to dollarization and have proved to be difficult to re-engage for various reason including price competitiveness and insufficient levels of production.

![Samples of dried vegetables: broccoli, butternut, onion, cabbage, carrots, and cauliflower.](image)

Source: Nutriveg product brochure (2012)

**Quality and Food Safety**

To ensure the safety of its food products the company implemented Hazard Analysis Critical Control Point (HACCP), an internationally recognized food safety program aimed at assuring customers of safe products by reducing the possibility of contamination during processing.
Nutriveg is also working on upgrading from its previous ISO 9001:2000 to the current ISO 9001: 2008 certification as well as the AIB (American Institute of Bakers) certificate for food safety and hygiene.

Without above certification Nutriveg will not be able to market its products on the international markets.

**Competition**

Nutriveg has the largest dehydration plant in the country and region; however the major challenge has been the absence of adequate throughput. Following land reform the supply base of vegetables increasingly dwindled making it impossible to efficiently run the plant and remain competitive. Lately there has been increased imports of dehydrated vegetables from neighbouring countries such as South Africa and Zambia currently taking up about 25% of the market.

Nutriveg is the sole local supplier of soup ingredients to Nestle Zimbabwe and Unilever.

On the export market, competition is very aggressive with China, Egypt and India leading the pack.

Most competitors do not have the capacity to produce the full range of products Nutriveg produces.

**1.4.2 Financial Performance**

Nutriveg has not been profitable since the year 2009, making losses right through to 2012. The company basically failed to cover its overheads on the back of below 45% operating capacity due to shortage of raw materials especially fresh vegetables. Raw materials have been inadequate due to poor production at the farming level and also absence of enough working capital to buy whatever is available on the open market. Whilst the balance sheet has increased by 25% from $5.7million to $7.125million
following more shareholder capital injection. Most of this has been injected in plant and equipment re-tooling. The company went on to borrow $1.5million from local financial institutions mostly and incorrectly on short-term debt arrangements. This has not been aligned to the company’s operating cycle and has created serious cashflow mismatches. The impatient bankers want repayment of their loans yet the business has just reached the turning point and sales expected to pick up from increased marketing efforts. The company as at 31 December 2012 was sitting on excessive stocks valued at $1.3million, by local standards but considered the minimum threshold for the resumption of exports.

1.1.2.3 SWOT Analysis

Wheelen and Hunger (2006) say “SWOT is an acronym used to describe the particular Strengths, Weakness, Opportunities and Threats that are strategic factors for a specific organization” (p.238). Gillette (2006) advocates SWOT Analysis is a strategic management tool that identifies the strengths, weaknesses, opportunities and threats of an organization.
Table 1.1 below summarizes the SWOT analysis of Nutriveg

**Table 1.1: SWOT analysis for Nutriveg**

<table>
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<th>Strengths</th>
<th>Weakness</th>
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<td>- owns the largest dehydration plant in Zimbabwe and in southern Africa, a source of capacity to embark on mass production and economies of scale</td>
<td>- Failure to control the supply chain especially new farmers who would have signed contracts for contract farming. These will be tempted to sell to those buyers with cash or offering higher prices.</td>
</tr>
<tr>
<td>- Long term contracts with both commercial and non commercial farmers.</td>
<td>- Lack of proper operation systems and new technology will slow down growth.</td>
</tr>
<tr>
<td>- Well experienced and committed staff.</td>
<td>- Consistent droughts in general affect production and quality of fresh vegetables.</td>
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### Opportunities

- High chances of tapping the regional markets. This can be done through joint ventures with other companies in the same field.
- There is also room to expand to other cities and towns within Zimbabwe.
- Opportunity to form some long standing

### Threats

- The opening up of markets has increased completion especially from Chinese products.
- Political risk remains a threat at all levels of production, possibility of the government introducing detrimental laws which may affect our operations.
contracts with some farmers, can also venture into other products like beef production and piggery to increase its revenues base.

1.2 Problem statement

The introduction of the multi-currency dispensation in February 2009 has not proved to be the sought after panacea to the Zimbabwean economy. Industry capacity utilization has remained below 50%, imports continue to dominate our markets, and levels of unemployment have remained above 99% and all this is because most organizations are still facing hurdles in growing their businesses. Various reasons and explanations have been proffered in a bid to explain why dollarization has not addressed the challenges being faced by ordinary businesses. Background literature on Nutriveg shows that although the dollarization made it possible for the factory to resume operations, the company has not been profitable. Its products are uncompetitive compared to imports. Operations remain under capitalized and with no assured access to liquidity. The operating capacity remains below economic level. Could it be that the company did not make the necessary changes to suit the new operating environment? This study is therefore attempts to investigate whether Nutriveg’s business model(s) were impacted by dollarization to the extent that they needed re-alignment or a complete overhaul.

1.3 Objectives of the study

The primary objective of this study is to assess, evaluate and recommend what constitutes an ideal business model(s) for an agro-processing business operating in Zimbabwe during the post Zimbabwe dollar era.
1.3.1 Sub-Objectives

The other objectives of the study include the following:

1. To establish both the positive and negative impact of multi currency systems on Nutriveg.
2. To establish the challenges of using multi currency in the operations of Nutriveg.
3. Assess the relevance of the business model adopted at Nutriveg in light of the economic conditions prevailing in the country.
4. To recommend an appropriate business model for the sustainability of Nutriveg in the current economic conditions.

1.4 Research questions

1. What are the positive and negative impacts of multi currency system in organizations in agro processing such as Nutriveg?
2. What was Nutriveg’s business model before dollarization?
3. Assuming the above changed, Is the business model adopted at Nutriveg relevant in light of the economic conditions prevailing in the country?
4. What are the opportunities that are presented by different business models for the sustainability of Nutriveg?

1.5 Research Proposition

The study proposes that the current business model being used Nutriveg is not properly aligned to a dollarized environment, and this undermining the company’s competitiveness in the agro processing industry.

1.6 Scope of the Study

The research will be limited to Nutriveg, an agro-processing company specializing in dehydration of fresh vegetable, and with limited inference to Zimbabwe’s agro-manufacturing industry in general.
1.7 Justification of the study

Dollarization brought about stability to the Zimbabwean economy but the stability has not resulted in or guaranteed economic prosperity to all the companies. Could it be a factor of them not having adapted to change? The research intends to come up with possible global business strategy models which can be adopted by other Zimbabwean companies in their bid not only to survive but prosper in the dollarized environment.

For an agro-based economy it is imperative that our agro-processing companies take the lead in value addition and creating profitable markets for our resettled farmers, but only if they have access to the ideal business models in sync with the dollarized economy.

In addition to the fulfilment of the partial requirements of his studies, this research seeks to contribute towards the gap which the author feels exists between available empirical evidence on the effect of dollarization and business models.

Nutriveg will be a primary beneficiary of this study among various other companies operating in Zimbabwe. The Government of Zimbabwe and related ministries –Finance and Trade, Industry & Commerce also stand to benefit from this effort. The study will also be a starting point for further research.

1.9 STRUCTURE OF THE RESEARCH

Chapter 1

Chapter one provides a background of the organization under study, the problem statement and the basis of the research. It also outlines the objectives of the research and justifies why the researcher must undertake the study.

Chapter 2

Chapter 2 outlines background literature, being the work already done by other researchers. It is basically the theoretical review of the subject matter.
Chapter 3

Every research adopts a specific methodology, which needs to be clearly articulated. Thereafter the chapter also covers the research design, appropriate for a single case study approach, data collection process, clearly identifying the main sources and how the respective findings are to be analyzed and presented.

Chapter 4

Under chapter 4, findings are tabled and discussed at length and reviewed against literature reviewed in chapter 2.

Chapter 5

This chapter provides a conclusive report by reviewing existing theoretical propositions and applications and recommendations out of the research findings.
CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The contents of this chapter define the terms and references relating to multi-currency or dollarization and the different types of business models being applied in the industry, the world over. The chapter also covers a few countries, just to give a perspective of how other economies fared under condition of multi-currencies. It also reviews the pros and cons of dollarization.

2.2 DOLLARIZATION

2.2.1 Introduction

In the strictest sense of dollarization, the word is a short hand for the use of any foreign currency by another country (Berg & Borensztein, 2000). As a matter of fact by design or default most developing countries experience some form of dollarization as they seek global prosperity. Shelton (1999) state that “a stable monetary order is the appropriate corollary to a free trade agreement”

2.2.2 Overview of dollarization

Acosta (2001) argues that dollarization is more a result of political decisions and anxieties than ‘the fruit of expert economic opinion’ (p.5). He goes on to argue that dollarization can therefore not be solely reviewed from the economic spare but a multi-purpose tool. Dollarization has been used as a measure which provides a sharp injection of confidence to overcome the loss of faith in a national monetary policy (Schuldt, 2002). The same approach was adopted as a ‘political life raft by governments in crises’. McKinnon (1963) states that “in some countries dollarization has been used to bring about collective hypnosis to boost the pace of structural adjustment” (p.89).
Dollarization can be in full or partial, where it is not in full the choice of exchange rate regimes has been a subject of debate for a long time. Across the globe countries have experimented with fixed, floating, and a wide variety of pegged exchange rate regimes (Driffield, 2003). The vast empirical evidence on this matter appears to show that there is no single recipe to suit everyone. Hence it is no surprise that the rise of dollarization is said to have generated so much controversy according to (Driffield, 2003).

Despite the proximity of South Africa, the United States Dollar (US$) was adopted as the currency in which the government would conduct all its transactions. Other currencies, heretofore mentioned, were also allowed to circulate in the country, being used for contracts between private parties. The choice of the US$ is premised on its stability.

2.3 POSITIVE AND NEGATIVE IMPACT OF MULTI CURRENCY SYSTEMS TO ORGANISATIONS

2.3.1 Negative impacts of dollarization

One of the main criticisms of dollarization is that monetary authorities have no control over the domestic money supply (Schuldt, 2005).

Acosta (2001) argues that the government of a dollarized economy will be greatly disadvantaged in that it cannot use discretionary monetary policy to deal with domestic macroeconomic problems especially given that they are mostly of a monetary nature. Strictly speaking a country with business cycles closely corresponding to the US economy does not get subjected to as much shock as those different (Rohter, 2000). The assumption being that the United States Federal Reserve Bank might engage in appropriate monetary policy responses (Healey, 2001). In as much as the United State Federal Bank might act responsible countries adopting full dollarization lose ‘seignorage’ related benefits. Calvo (1999) as so states that “the United States has a lot to gain, given that these countries are fertile grounds for absorbing US exports” (p.45).
The price of dollarized “stability” is that any economic shocks can only be dealt with by deflation — more specifically, by a sharp reduction in workers living standards. Austerity becomes the only policy option (Healy, 2001). Rubin (1999) argues that dollarization has ever lasting effects on the economy and the political landscape of the country, as such there is need for consultation with the United States authorities before implementation. He states that it is a proverbial ‘double edged sword’ on one hand offering much needed stability but on the other compromising the government’s capacity to control its monetary policy. Without a local currency the country has no capacity to benefit from exchange controls be it to improve competitiveness of local produces or shut out competitors. Fourcans and Frank (2003) also state that dollarization has the following disadvantages: It requires the policymaker to hold a certain minimal amount of foreign exchange reserves; or else this prevents the policymaker from intervening as lender of last resorts; and prevents the policymaker from letting the exchange rate go when the country faces important real and external shocks.

Payne (2005) reiterates that, official dollarization relinquishes the monetary authority’s control over the money supply, eliminates the financing of fiscal deficits through seignorage and imposes constraints on policymakers in responding to real and financial shocks. On the other hand he says that the advantages of dollarization are that it can result in lower inflation. Professor Hawkins (2009) argues that the impact of dollarization on the competitiveness of the economy is potentially disastrous owing to raised thresholds for wage demands, tariff charges by parastatals, professional fees (dentists, lawyers, accountants) and business mark ups.

A dollarized monetary system cannot devalue the currency or finance deficits through inflation because, by definition, it does not issue the currency under use. This is a significant cost incurred by the government, but this cost is largely hypothetical given the extreme nature of events that would demand that the government have devaluation as a tool of its monetary policy (Bogetic 2000). In the normal course of events, this “cost” earns a profit: empirical evidence indicates that dollarized systems promote exceptional monetary and price stability (Bogetic 2000 and Chang 2000). The mobility
of capital in the global economy already constrains independent monetary policy and exchanges limited monetary independence for the long-run benefits of low inflation, convertibility, and a stable currency. Full dollarization is the most direct, irreversible, and credible way of bringing about tighter trade and financial integration (Bogetic 2000).

### 2.3.2 Positive impacts of dollarization

The multicurrency system has provided significant benefits. In particular, it fostered the re-monetization of the economy and financial re-intermediation, helped enforce fiscal discipline by precluding inflationary financing of the budget, and brought greater transparency in pricing and accounting after a long period of high inflation. As a result, the price level in U.S. dollars declined during 2009, while the economy started to recover.

Shelton (1999) vouches for dollarization when she notes that “when price signals are distorted through currency fluctuations, markets cannot function at optimal levels” p.65). Alesina & Barro, (2001) as quoted in Payne (2004) assert that “by assuming an appropriate choice of the foreign currency, official dollarization signals to the international community the country’s commitment to a stable monetary policy and encourages investment” p.78). Rory (2009) states inflation in Zimbabwe was caused by alleged printing of the local currency which led to supply being more than demand. To stop hyperinflation, Zimbabwe needed to immediately adopt a different monetary system. Velde & Veracierto (1999) state dollarization to be an extreme form of a fixed exchange rate system. This would stabilize industries such as retail outlets which were now characterized by empty shelves.

Dollarization is said to bring to an end the instability of an economy and prevent it from a depression, Galangwe (2009), in his article posted on the David Coltart official website cites that dollarization of the economy puts an end to hyperinflation, artificial interest rates and unrealistic exchange rates. The liberalization of the economy has created an environment where any business can thrive.
Canto as quoted in the Caribbean Business Journal (Nov 13, 2003) by John Collins argues that the chief benefit of dollarization would be to eradicate money mischief wrought by politicians. Collins (2003) goes on to state that a number of business people were pleased to hear of the possibility of dollarization. He states that most of them indicated that the stabilizing element in adopting the dollar would likely result in increased volume of exports. Collins in his article quotes economist Eduardo Garcia Michel as saying that an interestingly aspect of dollarization would be to significantly decrease inflation and interest rates and extend financial terms. He says that this would bring about positive consequences for the mortgage, and real –estate markets and for the solvency of retirement funds. Disadvantages of dollarization according to Garcia Michel are that “in the absence of the exchange rate, the adjustments to external clashes may become much slower and therefore may persist longer”. He also indicated that dollarization would “require meeting a series of requirements, the main one being political consensus. It is a thorny issue because currency itself is a symbol of sovereignty”.

Roy and Sideras (2000) agree that benefits from dollarization are a reduction in exchange rate risk, and a restoration of long run stability. They also concur that businesses can make long range decisions and strategic plans without fear of major currency devaluation. With the elimination of exchange rate risk, real interest rates fall, investment increases as does the future capital stock and growth potential of the country. International transactions costs are reduced when trade is conducted in one currency (Roy & Sideras, 2000). These apparent benefits are necessary ingredients for the retail industry although they are yet to be documented on the ground in terms of feasibility. Dollarization allows a country to make maximum use of the de-facto dollars that are already part of its economy.

The proposed economic stability gained through dollarization is closely connected with another possible benefit, improving business (TED, 2009). Goldman (1999) is of the opinion that dollarizing refocuses the businessmen or investor to concentrate on actual business activities and adopt a long-term financial perspective. Dollarization by design
increases and creates opportunities for more integration and trade opportunities through the de facto ‘common monetary area’. Calvo questions the ability of the dollar to promise political states but agrees that it frees the businessman of currency fluctuation worries.

Healy (2001) reiterates that the appeal of a ``hard peg’’ (dollarization) is that it promises to do away with instability, most especially the threat of the hyperinflation which has long plagued Latin America. Third World governments are said to trade in their currencies for the unassailable “credibility” of the US$ and the US Federal Reserve Bank. Wagner (2005) concurs that hard pegs have gained prominence in the debate about the right exchange rate system for emerging markets because severe currency crises, which often have devastating consequences for the economy as a whole, are not possible under hard peg regimes.

Bergsten (1999) is of the opinion that countries likely to benefit most from dollarization are those with:

- Experiencing or have historical hyperinflationary macro-economic conditions.
- Already trading high volume with the USA.
- Small but highly productive countries with a huge exposure to exchange-rate shocks.

The above mentioned conditions to some degree apply to Zimbabwe although relations between the U.S. and Zimbabwe have been frosty and trade has been limited due to sanctions.

Dollarization is said to have revived operation of listed companies in Zimbabwe (Zimbabwe independent, 14/8/2009). The paper mentions that Red star a wholesaler recorded earnings that are more than what the company earned in its last financial year end in four months whilst Seed-Co an agricultural inputs manufacturer revised its targets as its market-share continued to increase. At an AGM held during the same
week in August, Red star Chief Executive Officer Denford Mberi told shareholders that Red Star’s revenue for the four months to July 2009 amounted to US$13 million. This was much higher than the USD10.9 million the group had realised in financial year ended 31 March 2009. Mberi however noted that eight Red Star branches were still closed. Product supply was at 49% with imports making up 55% while locally produced products accounted for 45% of the total product supply.

An expected benefit from full dollarization is a reduction in the cost of borrowing funds. Using the U.S. dollar eliminates the risk of devaluation and in turn should reduce the interest rates for credit that was denominated in domestic currency (Calvo, 2000). In the private sector, the elimination of devaluation risk might bring stable capital flows and increase the confidence of foreign investors and therefore promote investment and growth. This could probably result in more access to loans and working capital for retailers and hence boost their sales and earnings. According to Quispe-agnoli (2001) full dollarization is also perceived to enhance the credibility of economic policy because it shows policymakers’ long-term commitment to stabilizing prices, output and employment and this could work in Zimbabwe’s favour by regaining the business players’ confidence in the government to churn out policy that is friendly to all in enhancing business.

Calvo (2000) confirms that there is a cost associated to the alignment of the country’s policies to the requirements of dollarized economies. The question is could this be true at business level too that there is need to ensure that business models are aligned to dollarization? Calvo (2000) further asserts that dollarization curbs inflation since domestic debt ceases to exist upon adopting of dollarization. There is no room for devaluation of the currency by the government, much to the chagrin of politicians who then automatically lose the power to manipulate the home currency. In spite of losing monetary control, there is still room to buttress dollarization with effective and production oriented fiscal policies.
Hinds (2004) shares the same sentiments with other proponents for dollarization by stating benefits of dollarization which are: (1) drastically reduces the costs of transaction in the economy; (2) eliminates real cost (that of the risk of devaluation) and with it the interest rates and the effective cost of capital, increasing the sustainable rate of growth of investment and employment; (3) provides instant access to the deep resources and services available in the dollar markets, including that of hedging against fluctuations in third currencies; (4) develops the domestic financial markets within an environment of credibility, lowering interest rates, expanding maturities, and giving investors and exporters the right signals to go up the value added ladder; and (5) reduces the risk of financial crises, and makes it easier to resolve them and reduces their cost if they happen. These effects tend to increase the competitiveness of the country. In addition, there are several social benefits, such as enabling more people to buy their own houses and providing access to credit to small enterprises at competitive maturities and interest rates.

In their monthly review report Reserve Bank of Zimbabwe (Aug 2009) states that in the near term, inflation is likely to continue declining because of the increase in the supply of basic goods through the continued importation of goods duty free, low effective demand due to low remuneration in foreign currency and rates, enhance fiscal discipline, eliminate devaluation risk and improve trade and financial integration of a country.

Finally, the dollarization proponents are of the general opinion that macro-economic stability brought about by dollarization will encourage high rates of investment a result of relatively lower interest rates, and the involvement of organizations such as the IMF and World Bank guarantees access to long-term funding through re-scheduling of debt. This phenomenon has be witnessed, currently shops are now accepting lay byes on goods even clothes, which had become extinct in hyperinflationary environment before the dollar. In general this must result in improved living standards of the residents of the country. Rohter (2000) also notes that, workers in countries experiencing hyperinflation are the worst affected as they watch their earning power being eroded.
2.4 A REVIEW OF INTERNATIONAL EXPERIENCES OF CURRENCY REFORMS

2.4.1 Bolivia

The Bolivian hyperinflation 1982-1985 was largely fuelled by excessive money printing to finance a burgeoning budget deficit. As the government printed money, that drove down the value of the currency vis-à-vis the (United States) dollar, which in turn increased prices of imported products hence contributing to overall inflation. The demand for the peso fell and this resulted in a burgeoning black market for foreign exchange. Over time, prices came to be quoted in dollars. The peso price of a one-dollar price tag rose to almost 5 million pesos, up from 2000 pesos a year earlier; marking a 3000-odd percentage increases (Sachs, op cit). The annual inflation rate rose from 1282% in 1984, soaring to 11,750% in 1985, before dropping to 286% in 1986. The key to ending the Bolivian hyperinflation was to design and implement a set of fiscal measures that would plug the holes in the budget.

Bolivia's budgetary problems in the 1980s lay in the price of oil, for the country had depended inordinately on taxes levied on hydrocarbons, which were mainly supplied by the state-controlled petroleum company, YPFB. The (peso) price of oil had changed infrequently relative to the hyperinflation, resulting in a decline in the real prices of petroleum and thus a shrinking tax base for the government.

Hyperinflations and related macroeconomic shocks in Bolivia also coincided with periods of political instability. These dynamics fed into and on the skyrocketing unemployment and decreasing social conditions. For example, the party that first championed economic reforms failed to win the elections despite earlier claims of victory. Instead, the result was declared a tie, in which circumstance Congress had to elect a leader leading to a relatively unstable political arrangement.

President Estenssoro provided a strong leadership for socio-economic reforms. For example, the Supreme Decree 21060 was not only a blueprint for arresting the hyperinflation, but also a major reform that provided a comprehensive basis for the
transformation of the Bolivian economy. The implementation of the program commenced with a decision that recommended a sharp rise in the price of oil which suddenly closed the budget deficit, stabilized the US-dollar-peso exchange rate, and by implication a dramatic stabilization of peso prices (since prices were set in US-dollars and paid in peso prices). Thus, within a week, the hyperinflation was brought to heel.

Some of the major lessons from the Bolivian currency crisis and reform were:

- The early gains at controlling hyperinflation were fragile, hence the need to work harder to consolidate macroeconomic stabilization program to enhance sustainable recovery. Bolivia showed that macroeconomic reforms have their deep limitations in respect of efforts to engender sustainable growth and poverty reduction. While the stabilization program tamed hyperinflation and re-established growth, the latter was too inadequate and too uneven to lift a huge section of the population out of poverty and:

- Despite the palpable gains of the economic stabilization program in positive economic growth and social indicators, the economic transformation of Bolivia remains partially completed.

As noted above, the main characteristic of the reforms was the ten-fold rise in price of oil which in turn led to: a) a sudden closure of the budget deficit; and b) a stabilized US-dollar-peso exchange rate. These reforms were premised on a number of pre-conditions namely:

- Structural reforms - the imperative to deal with the inexorable demise of the tin-mining sector which started with a fall in international tin prices in October 1985, which wrenched the budget, macroeconomic stability and unemployment and hence the need for structural reforms.

- Enhanced debt management - Bolivia had already defaulted on its debt to international banks and foreign governments, and was under pressure to resume payments now that hyperinflation was over – after difficult, drawn-out negotiations, Bolivia’s international
lenders acquiesced to suspend and ultimately write-off the country’s debt. Bolivia needed to restructure its debt to relieve pressure on any adopted currency.

- Fiscal reforms - Bolivia was also in urgent need of tax reform in order to raise the tax contribution of the rich and wealthy, hence addressing the structural budget deficit – a sensitive political process which the committed political leadership saw through to its conclusion.

- Social and other sectorial reforms – it was imperative to address the dire social conditions of the country’s vulnerable sections of the population (the unemployed, poor, children, elderly and the infirm) – an emergency social fund to cushion these vulnerable groups was finally set-up with World Bank assistance.

2.4.2 Liberia

After the civil war in 2003, Liberia began the process of developing a set of monetary instruments and building confidence for the Liberian dollar, centred on the institutional strengthening of the Central Bank of Liberia (CBL), against a background of extensive dollarization of the economy. Liberia lacked the technical capabilities and data collection systems to formulate and implement an independent monetary policy and establish credibility for a domestic currency. In light of above circumstances most policymakers regarded dollarization as a natural option to nurture confidence since it required minimal technical requirements. However, some stakeholders proposed that Liberia should adopt the US dollar as its sole legal tender in order to strengthen fiscal discipline and promote growth. Ultimately the domestic currency carried the day. This was in keeping with most recent post-conflict countries that have largely favoured the domestic currency against full dollarization, mainly in light of the high costs associated with adopting a foreign currency.

What worked against full dollarization was the consideration that Liberia had previously failed to achieve fiscal discipline under the previous dollarization regimes, notably the large fiscal imbalances that were sustained in the 1980s. Despite the limits on
seigniorage, the country financed its deficits by accumulating arrears and borrowing from the domestic banking system chiefly through the central bank. Dollarization also previously exposed Liberia to the macroeconomic consequences of external shocks during the oil crisis and global recession of the 1970-80s—a period of de facto full dollarization — which worsened the country's balance-of-payments, budget deficits and external debt burden. Ultimately, Liberia abandoned full dollarization rather chaotically in 1988.

These consequences came about because at the heart of dollarization or other fixed exchange-rate regimes including currency boards, lies the problem of limited economic policy space for the monetary authorities (monetary policy, exchange-rate policy) that countries would ordinarily leverage to smooth the consequences of external shocks. As a result, fully dollarized countries may buy short-term price stability at the expense of output variability from excessive exposure from external shocks. Also, there are leakages that governments could exploit to go round the touted fiscal straightjacket imposed by dollarization. Add to these limitations the nontrivial cost of seigniorage involved in full dollarization. Liberia would have to expend US$34 million or 7 percent of GDP to buy back its currency and introduce the US dollar (IMF, 2006).

2.5 BUSINESS MODELS-DEFINITIONS AND GENERAL PERSPECTIVES

According to Thompson (2006) a business model is related to whether the company’s revenue-cost-profit economies of its strategy demonstrate the viability of the business enterprise as a whole.

Timmers (1998) asserts that a business model describes the business actors, their roles, their potential benefits from the business model and associated revenue streams. A business model can also be defined as a summation of the core business decisions and trade-offs employed by a company to earn a profit (Hamermesh, Marshall and Pirmhamed, 2002).
Afuah (2004) defines a business model as “the set of activities which a firm performs, how it performs them, when it performs them as it uses its resources to perform activities, given its industry, to create superior customer value and put itself in a position to appropriate value” (p. 9). Osterwalder (2004) proposed the most comprehensive definition of a business model as “a conceptual tool that contains a set of elements and their relationships and allows expressing a company’s logic of earning money. It is a description of the value a company offers to one or several segments of customers and the architecture of the firm and its network of partners for creating, marketing and delivering this value and relationship capital in order to generate profitable and sustainable revenue streams” (p. 15). He further proposed the components of a business model as: partnership, cost structure and revenue model, supply chain, value proposition and customer's satisfaction.


Others refer to business models as descriptions or specifications (Chesbrough & Rosenbloom, 2002; Gordijn et al., 2000a and b; Weill and Vitale, 2001; Elliot, 2002; Hawkins, 2002).

Hamel (2000) and Rappa (2003) use quite abstract definitions of business models whilst others including Chesbrough and Rosenbloom (2002) provide very detailed definitions that specify the underlying attributes of business models. The common ground is that the business model should depict the business in relation to the other entities that form part of the value chain and how the firm expects to generate revenue.

The substantive difference between definitions relates to the scope of the business model.
Afuah and Tucci (2001) require the business model to depict internal resources and workings of the firm whilst others including Timmers (1999), Rappa (2003), Weill and Vitale (2001) and Hawkins (2002) do not. Instead, this latter group recognizes the role of marketing models, production models and business strategies in depicting internal resources and organizational issues. Timmers (1999) states that although the marketing model is separate from the business model but it must be compatible with the business model. Elliot (2002) states “Business strategies specify how a business model can be applied to a market to differentiate the firm from its competitors” (p. 15) Weill and Vitale (2001) draw a distinction between business models and business strategies and suggest that the business model and business strategies must be compatible. Weill and Vitale (2001) also take the view that infrastructure, critical success factors and core competencies flow from each unique business model but are not attributes of the business model itself.

2.6 RELEVANCE OF BUSINESS MODELS

As business models describe how a firm’s resources and its business environment are linked together to provide customer value and to generate a profit, a sustainable business model provides the firm with an optimal mode of operation in a specific industry and market (Mansfield & Fourie, 2003).

Magretta (2003) proposes that a good business model motivates people and brings in a rich stream of profits. To be more specific, a business model helps the manager to capture, understand, communicate, design, analyze, and change the business logic of the firm. A formally defined business model has many uses for a firm, including understanding and sharing the business logic, analyzing the business logic, managing the business logic, describing possible future of the firm, and patenting of business model from legal perspective (Osterwalder, Pigneur & Tucci, 2005).

Osterwalder (2004) argues that the first area that a business model contributes to is in understanding and sharing the business logic of a firm. Business logic refers to an
abstract comprehension of the way a company makes money, in other words, what it offers, to whom it offers this and how it can accomplish this.

Business models help to capture, visualize, understand, communicate and share the business logic of a firm. Secondly, business models can improve measuring, observing and comparing the business logic of a firm. Thirdly, business model concept helps to improve the design, planning, changing and implementation of the business logic.

Additionally, depending on the adopted business model, companies can react faster to the changes in the business environment. The business model concept could also improve the alignment of strategy, business organization and technology. Finally, business model concept helps foster innovation and increase readiness for the future.

In addition to these uses of business model discussed above, it is also considered as one of the major determinants of business profits, besides business environment and changes in the environment. Thus a well-defined business model provides the firm with sustainable competitive advantages that enables the firm to be better than its competitors (Afuah and Tucci, 2001).

2.6.1 What to assess in a business model?

Chesbrough and Rosenbloom’s (2002) paper, further expanded by Chesbrough (2007), specifies six components of a business model, which will be used to assess the appropriateness of any model being applied under conditions of dollarization:

1. To articulate the value proposition: there is need to understand the customers’ needs and come up with a product(s) which best addresses those needs. Beyond this, the firm then must define the value of the product or solution from the customer’s perspective.

2. To identify a market segment: the group of customers to target, recognizing that different market segments have different needs. Sometimes the potential of an innovation is unlocked only when a different market segment is targeted.

3. To define the structure of the firm’s value chain: the idea is to identify the company’s
position and elaborate its business activities and how it benefits from those activities.

4. To specify the revenue generation mechanisms: how revenue is generated (sales, leasing, subscription and support.), the cost structure, and target profit margins.

5. To describe the position of the firm within the value chain: identification of competitors, complimentary, and synergistic components of the chain which facilitate delivery of increased value to the customer.

6. To formulate the competitive strategy: how the company will attempt to develop a sustainable competitive advantage, for example, by means of a cost, differentiation, or niche strategy.

There is broad agreement between the various definitions in only two areas: that a business model (1) focuses on the mechanisms for generation of revenue in the value chain, in terms of (2) broad principles (rather than the detail to be found in a full business plan) Rappa (2001).

2.7 BUSINESS PERFORMANCE PILLARS.

The sustainability of each business model shall be measured on its capacity to align the six pillars mentioned above to dollarization.

2.7.1 Growth strategy aspect of the business model:

McKinsey (2001) through his growth strategy model suggests that growth of the business can be achieved by exploiting various opportunities and using many dimensions summarized below:
Under conditions of dollarization all of the above dimensions were impacted in one way or the other and in spite of the increasing risk businesses at times are forced to move from organic investment (profits) to outright acquisitions. He also argues that growth strategies focused business models must be underpinned by: operational skills, privileged assets, growth skills and special relationships.

2.7.2 Value proposition

The digital economy has provided firms with the potential to experiment with novel forms of value creation mechanisms, which are networked in the sense that value is created in concept by a firm and a plethora of partners, for multiple users. This redefinition of value has attracted the attention of management scholars, who have employed the concept of the business model in their attempts to explain value creation in networked markets (Zott & Amit, 2009). However, in explaining value creation, the
concept of the business model has been used not only in the context of the digital economy. Seelos and Mair (2009) for example, have studied value creation mechanisms in the context of deep poverty. They conceptualize a business model as a “set of capabilities that is configured to enable value creation consistent with either economic or social strategic objectives” (p. 53). Similarly, Thompson and MacMillan (2010) propose a framework for developing new business models that can lead to societal wealth improvements like reducing poverty and human suffering. Thus, value creation can refer to different forms of value such as social or economic.

Value creation mechanisms often go beyond the value that can be created through Schumpeterian innovation, the (re)configuration of the value chain (Porter, 1985), the formation of strategic networks among firms, or the exploitation of firms’ specific core competencies. As Campbell and Goold (2004) observe, the locus of value creation, and thus the appropriate unit of analysis for scholars interested in value creation, spans firms’ and industries’ boundaries. The authors conclude that prior frameworks used in isolation cannot sufficiently address questions about total value creation. Based on a sample of 150 firms, they propose four potential sources of value creation through business models: (1) novelty, (2) lock-in, (3) complementarities, and (4) efficiency. These value drivers can be mutually reinforcing; that is, the presence of each value driver can enhance the effectiveness of any other value driver.

Value can also be created through revolutionary business models. According to Hamel (2000), to thrive in the “age of revolution,” companies must develop new business models— in which both value creation and value capture occur in a value network— which can include suppliers, partners, distribution channels, and coalitions that extend the company’s resources.

2.7.3 Business model and firm performance

While some literature on the business model tends to concentrate on the firm’s activities with its network of partners, scholars increasingly are acknowledging that firms do not execute their business models in a competitive vacuum (Hamel, 2000) and that firms...
can compete through their business models (Casadesus-Masanell & Ricart, 2010). The business model, then, represents a potential source of competitive advantage (Markides & Charitou, 2004). The novelty presented by new, effective models can result in superior value creation (Morris, Schindehutte & Allen, 2005) and replace the old way of doing things to become the standard for the next generation of entrepreneurs (Magretta, 2002).

Business models can play a central role in explaining firm performance. Afuah and Tucci propose the business model as a unifying construct for explaining competitive advantage and firm performance and define it as “the method by which a firm builds and uses its resources to offer its customer better value and to make money in doing so” (p. 5). Afuah (2004) focuses on firms’ profitability and introduces a strategic framework in which the business model is conceptualized by means of a set of components that corresponds to the determinants of firm profitability.

While the work of Afuah (2004) and Afuah and Tucci (2001) is conceptual, some authors have conducted empirical analyses. Zott and Amit (2007) have analyzed the performance implications of business model design in entrepreneurial firms. They refer to the business model design as the design of a focal firm’s set of boundary-spanning transactions with external parties. In their view, the essence of the association between business model design and focal firm performance can be analyzed by looking at two distinct effects: the total value creation potential of the business model design and the focal firm’s ability to appropriate that value. They identify two design themes around which the business model can be orchestrated: efficiency and novelty. In their empirical work, Zott and Amit (2007) see the business model as the independent variable, and they link it to firm performance, moderated by the environment.

In another empirical study on firm performance, Patzelt, Knyphausen-Aufseband Nikol (2008) introduced the business model as a variable that moderates the effect of top management team composition and organizational performance. They analyze a set of biotechnology ventures in the German industry and focus on two types of business models that biotechnology firms might adopt: platform and therapeutics. They show that
the founder-based, firm specific experience of management team members can have either a positive or a negative effect on the firm’s performance, depending on the business model adopted. Similarly, Zott and Amit (2008) acknowledge the possible contingent effect of the business model in mediating between product market strategy and firm performance. They root their study in contingency theory, and they ask, how do the firm’s business model and product market strategy interact to impact the firm performance? They found that:

I. Business models that emphasize novelty and are coupled with either differentiation or cost leadership can have a positive impact on the firm’s performance

II. Novelty-centred business models together with early entry into a market have a positive effect on performance.

Other studies on the performance implications of business model design come from business practitioners and consultants (Linder & Cantrell, 2000). Consultants at IBM, interviewing 765 corporate and public-sector leaders worldwide, found that firms that were financial outperformers put twice as much emphasis on business model innovation as did underperformers (IBM Global Business Services, 2006). Giesen, Berman, Bell, and Blitz (2007), examined the relationship between business model innovation and firm performance. They identify three types of business model innovation, namely, industry models (innovations in industry supply chain), revenue models (innovations in how companies generate value), and enterprise models (innovations in the role the structure of an enterprise plays in new or existing value chains). They report two key findings:

I. Each type of business model innovation can generate success, and

II. Innovation in enterprise models that focuses on external collaboration and partnerships is particularly effective in older companies as compared to younger ones.
2.7.4 Value Chain structure

The business model extends central ideas in business strategy and its associated theoretical traditions. Scholars contend that the business model can be a source of competitive advantage that is distinct from the firm’s product market position (Christensen, 2001. Below is an adopted value chain and production system:

![Lean Value Chain and Production System](image)

**Figure 2.2: Attributes of an effective value chain**

**Source: the e-business coach (2012)**

Firms that address the same customer need and pursue similar product market strategies can do so with very different business models; business model design and product market strategy are complements, not substitutes (Zott & Amit, 2008).

Two main differentiating factors seem to have captured the attention of scholars. The first is the traditional emphasis of strategy on competition, value capture, and competitive advantage, whereas the business model concept seems to focus more on cooperation, partnership, and joint value creation (Magretta, 2002; Mäkinen & Seppänen, 2007; Mansfield & Fourie, 2004). The second factor of interest to
management scholars is the focus of the business model concept on the value proposition and a generalized emphasis on the role of the customer, which appears to be less pronounced elsewhere in the strategy literature. Our review reveals a strong consensus that the business model revolves around customer-focused value creation (Chesbrough & Rosenbloom, 2002; Mansfield & Fourie, 2004). Viewed from this perspective, the business model encompasses the pattern of the firm’s economic exchanges with external parties (Zott & Amit, 2008); it outlines the essential details of a firm’s value proposition for its various stakeholders as well as the activity system the firm uses to create and deliver value to its customers (Seddon, Lewis, Freeman & Shanks, 2004).

Despite the highlighted conceptual differences between business models and certain aspects of firm strategy, scholars have also emphasized that the business model can play an important role in a firm’s strategy. According to Richardson (2008), the business model explains how the activities of the firm work together to execute its strategy, thus bridging strategy formulation and implementation. In a similar vein Shafer, Smith and Linder (2005) and Casadesus-Masanell and Ricart (2010) view the business model as a reflection of a firm’s realized strategy. According to Teece (2004), the business model reflects a “hypothesis about what customers want, and how an enterprise can best meet those needs, and get paid for doing so” (p. 1329).

### 2.7.5 Revenue Model

A revenue model the process by which a company actually makes money by specifying how it is going to charge for the services provided (Chesbrough & Rosenbloom, 2002). All profit seeking businesses need to have a comprehensive revenue more, either as a standalone clearly articulated model or in-built to the overall business model (Stewart & Zhao, 2000). A revenue model consists of profit streams and cost structures.
The business model concept also has been addressed in the domains of innovation and technology management. Two complementary ideas seem to characterize the research. The first is that companies commercialize innovative ideas and technologies through their business models. The second is that the business model represents a new subject of innovation, which complements the traditional subjects of process, product, and organizational innovation and involves new forms of cooperation and collaboration. One important role of the business model could consist of unlocking the value potential embedded in new technologies and converting it into market outcomes.

Chesbrough and Rosenbloom (2002) detail an extensive case study in which they show how the Xerox Corporation grew in part by employing an effective business model to commercialize a technology rejected by other leading companies. The study also compares successful and unsuccessful technology spin-offs with comparable market potential and finds that in successful ventures the search and learning for an effective business model was significantly higher than in failed ventures. Björkdahl (2009) employs the business model concept for studying technology diversification and cross-fertilization efforts. His central argument is that the integration of new technologies into the technology base of a product (i.e., technology cross fertilization) can open up new subspaces in the existing technical performance and functionality space, which in turn requires a new business model if the economic value potential of the new technology is to be captured. Business models not only can entail consequences for technological innovations but also can be shaped by them. Calia, Guerrini, and Moura (2007) show how technological innovation can trigger changes in the company’s operational and commercial activities, and hence in the business model.

Although these studies have examined the role of business models in commercializing technologies at the level of the individual firm, more recently Johnson and Suskewicz (2009) have pointed to the importance of the business model for entire industries. They argue that in large infrastructural change (such as the transition from a fossil fuel economy to a cleantech economy) the key is to shift the focus from developing
individual technologies to creating whole new systems. The business model is introduced as part of a comprehensive framework for thinking about systemic change.

In summary, studies on business models, innovation, and technology management have asserted that technological innovation is important for firms, but it might not suffice to guarantee firm success (Doganova & Eyquem-Renault, 2009). This is because technology per se has no inherent value (Chesbrough, 2007a, 2007b). Besides embedding technology in attractive products and services, a firm needs to design a unique business model to fully realize its commercial potential. Indeed, business models matter even for general purpose technologies (i.e., “half polished” applications sold at intermediate development stages), which upstream firms license to downstream firms rather than developing final product themselves (Gambardella and McGahan, 2010).

The issue here it that do business models or their evolvement position the company for prosperity.

2.9 CONCLUSION

This chapter looked mainly at existing literature on business models and dollarization in general. The usual challenges were observed in that the literature reviewed is primarily foreign and relates to experiences outside the Zimbabwean context and thus not addressing the research problems identified in the first chapter. In addition, the major problem has been that very few if any researchers tried to investigate the relationship between dollarization and a business’ model. Hence this study which evaluate the impact of dollarization on Nutriveg’s business model. The methodology for this study is as outlined and discussed in the next chapter.
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

Chapter 3 outlines the methodology adopted in the research. It details the research design, which is a single case design. The researcher in this chapter also details and justifies the research philosophy adopted. The chapter also covers the strategy focusing mostly on case study strategy. The researcher also focuses on the advantages and disadvantage of using this strategy. Data collection approaches are also covered, specifically addressing sample selection, sampling strategies both random and non-random techniques of which the later was adopted and considered suitable for a qualitative approach. The researcher also details options available in terms of type of interviews to be conducted.

3.2 RESEARCH DESIGN

The success of a research primarily depends on the design; it is in essence the plan or the radar which provides a concrete guideline to the researcher.

Bryman & Bull (2003) view a research design as a guideline of the collection and analysis of data. This view is in concurrence with a more robust and purposeful definition by Coolican (1994), which defines a research design as a way for gathering empirical data with which to test a hypothesis or develop a theory.

In this instance the researcher chose a single case study design. Yin (2003) suggests that single case researches make sense in the event that the case is representative or typical. Nutriveg meets this profile in that it is an agro-based manufacturing business. Zimbabwe is an agro based economy and the manufacturing sector is mostly made up of companies processing agricultural raw materials such as National Foods Ltd, Agri-foods, Nestle Zimbabwe among others and likely to be facing the same challenges being faced by Nutriveg.
3.3 THE RESEARCH PHILOSOPHY

Saunders, Lewis and Thornhill (2003) say that research philosophy depends on how the researcher thinks about the development of knowledge. They identify three views about the research process that dominate literature and these are positivism, interpretive and realism and all have an important part to play in business and management research. White (2002) narrowed the choice to the two most popular approaches: qualitative and quantitative.

3.3.1 Positivism (Quantitative) Approach

Saunders et al. (2003) say that a research philosophy which reflects the principles of positivism is where the researcher observes and documents social reality and the end product of such research can be generalized and the outcomes similar to those produced by the physical and natural scientists.

The positivist research is a deductive (theory tested by observation) which seeks to explain casual relationships between variables using quantitative data. It employs controls to allow testing of hypotheses and uses a highly structures methodology to facilitate replication Gill & Johnson (1991). In other words the research is of a scientific nature aiming to deduce a hypothesis or a proposition. Hardly suitable for a case study research being pursued herein.

3.3.2 Interpretivism or Phenomenological (Qualitative) Approach

Saunders et al (2003) argues that the complexities of the social world of business management are vast and a quantitative approach will result in loss of valuable insights most of which cannot be quantified of generalised. Each business situation is unique and must be understood in its own right. Burrel & Morgan (1979) say that the interpretive paradigm seeks to explain the stability of behaviour from the individual’s viewpoint. The study primarily used qualitative methods and limited quantitative data collected from the annual reports, daily reports and statistics of organisation Nutriveg.
Palmer (1994) advises that the researcher, when undertaking a primary research plan has to choose between a qualitative and quantitative survey. Without being pre-emptive case studies often go hand in hand with qualitative surveys.

3.3.2.1 Advantages of qualitative methods

One of the main advantages of qualitative methods is that they are not as rigid as quantitative methods, thereby allowing some level of interaction between the researcher and the responded (Mark et al, 2005). The use of open ended and probing questions allows the researcher to gather through inference get more data than yes or no responses. Silverman (2000) is also of the opinion that the social dimension of life or business is more elaborate when a qualitative approach is adopted.

Qualitative methods also permit the research to ask further questions and/or seek clarification by asking ‘how’ and/or ‘why’ (Mark et al, 2005). Quantitative approaches are in fact best complimented by some level of qualitative inference to improve the validity and/or relevance of data.

3.4 Suitable approach

The main difference between qualitative and quantitative research is that qualitative research generates rich, detailed and valid data that contributes to in-depth understanding of the context while quantitative research generates reliable population based data that explains cause and effect relationships (Denzin and Lincoln, 2005). When used along with quantitative methods, qualitative research can help us to interpret and better understand the complex reality of a given situation and the implications of quantitative data (Denzin and Lincoln, 2005). According to Yin (2008) the choice of whether to use quantitative or qualitative research depends on the nature of the research, the type of information, availability of resources and the context of the study.

This research employed the qualitative approach, the information required to answer the research questions was obtained through personal interviews which enabled the
researcher to gain an in-depth understanding (Silverman, 2000) of RM as a marketing strategy in the insurance brokering sector. Interviews were most appropriate for the particular questions being explored they provide room for further probing, they allow the interviewer to pick non-verbal responses and the response are immediate.

3.5 Research strategy

According to Yin (2008) there are several ways of doing research which include case studies, experiments, surveys, histories and the analysis of archival information. He further states that each of these strategies has peculiar advantages and disadvantages, depending on three conditions: 1) The type of research question 2) The control the investigator has over actual behavioural events 3) The focus on contemporary as opposed to historical phenomena.

The research involves ‘how’ and ‘why’ questions about a contemporary set of events, over which the researcher has little or no control (Yin, 2008), hence the application of a case study.

The case study method was chosen because it allowed the researcher to explore, in a historical, holistic and current way, the key research questions.

This research project set out to craft and recommend what constitutes an ideal business model(s) for an agro-processing business operating in Zimbabwe during the post dollarization era with regard to Nutriveg as the case study.

According to Yin (2003) there are several strategies of conducting a research which include:

- case studies,
- experiment
- Surveys
- history and
- the analysis of archival information.
• He further states that each of these strategies has peculiar advantages and disadvantages, depending on three conditions which determine the strategy to adopt:
  • the type of research question,
  • the control the investigator has over actual behavioural events and
  • the focus on contemporary as opposed to historical phenomena

3.5.1 Experiments

Yin (2003) argues that experiments are ideal under situations where an investigator can manipulate behaviour directly, precisely and systematically. More appropriate under controlled environment like in a laboratory. The aim of experiments is to manipulate the independent variable in order to observe the effect on the dependent variable. Not ideal for a research of this kind.

3.5.2 Survey

The researcher adopted this strategy where a sample of subjects is drawn from a population (staff members of Nutriveg) and studied to make inferences about that population (Wilson, 2006). A survey can be either descriptive or analytical. A descriptive survey involves identifying and counting the frequency of a specific population, either at one point in time or at various times for comparison. On the other hand analytical surveys are those where the researcher’s intention is to determine whether there is any relationship between different variables (White, 2000). According to Wilson (2006) surveys involve the use of structured questions and the recording of subjects’ responses. At a global level, the company was also surveyed and picked from a population of other manufacturing businesses in Zimbabwe.
3.6 Case study strategy

A case study herein considered the most suitable strategy for this research, is an extensive examination of a single instance of a situation of interest. Eisenhardt (1989) refers the case study as ‘a research study which focuses on understanding the dynamics of the present within single setting’ (p. 200). Bonoma (1985) notes that it must be ‘constructed to be sensitive to the context in which mgmt takes place’ (p. 75). The case study addresses the ‘how’ and ‘why’ questions about contemporary set of events (Yin, 2003). It is important to question how Nutriveg is functioning and explore why it is under the circumstances it is in right now.

3.6.1 Disadvantage of the case study strategy

Yin (2003) points out that the greatest disadvantage of a case study is that it is based on a singular case and as such cannot be a basis for generalization. Nevertheless the lack of global scope does not undermine the validity of the study and the complimentary methodologies provide with the researcher with clear and specific procedures to follow. White (2000) also defends the case study and points out that case studying teaching is often confused with case study research. Case study teaching involves making alterations to the research materials in order to reinforce or demonstrate a concept more effectively which is not permissible in case study research.

3.7 DATA COLLECTION

3.7.1 Population

Saunders et al. (2003) defined a population as a full set of cases from which the sample is taken. The population for this study will be made up of staff members of Nutriveg limited to those in managerial roles given the strategic nature of the study. According to the database of the organisation there are fifteen management staff members and ten will be interviewed.
3.7.2 Sampling procedure

Can be either probability or non-probability, or random or non-random sampling. A qualitative research method by nature often goes hand in hand with non probability sampling or random sampling. The options are listed in the table below:

<table>
<thead>
<tr>
<th>Non- probability procedures</th>
<th>Probability procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>Sample random</td>
</tr>
<tr>
<td>Judgmental</td>
<td>Cluster</td>
</tr>
<tr>
<td>Quota</td>
<td>stratified</td>
</tr>
</tbody>
</table>


3.7.3 Quota sampling

In quota sampling the researcher decides while designing the study how many people with which characteristics to include as participants (Bernard, 1995). The characteristics may include age, place of residence, gender, class, profession, industry, and so on. The criteria selected allow the researcher to focus on people they think would be most likely to experience, know about, or have insights into the research topic (Denzin and Lincoln, 2005).

3.7.4 Convenience sampling

This is a sampling method that entails selecting a sample on the basis of convenience to the researcher. The subjects or participants are self selected or selected on the basis of availability (Denzin & Lincoln, 2005). The sample may thus be biased and may not be a true representative of the population.
3.7.5 Judgement or purposive sampling

This is one of the most common sampling strategies which involve grouping participants according to preselected criteria relevant to a particular research question (Denzin & Lincoln, 2005). In this research the senior management of the organisation was selected because of their strategic role and position in making strategic decisions on the company’s business model.

3.7.6 Sampling frame

This is a list of the sampling units available for selection during the sampling process. In judgement sampling the sample size may or may not be fixed prior to data collection but may depend on the resources and time available as well as the study objectives (Denzin and Lincoln, 2005). In this research the sample constitutes nine senior management members who were able to answer research questions which are pertinent to the study objectives.

3.7.7 Sample

Bryman & Bull (2003) defined a sample as the segment of the population that is selected for investigation. Malhotra (1996) in agreement with Wegner (2001) posited that a sample is a subgroup of the population selected for participation in the study. Sample characteristics, called statistics, are then used to make inferences about the population parameters. Stanton et al. (1991) clarified the purpose of using a sample by advocating that the fundamental idea underlying sampling is that a small number of items (a sample), if properly selected from a large number of items (a universe), will have the same characteristics and in about the same proportion as the universe. They stressed that the key to obtaining reliable data with this method lies in using the right technique in selecting the sample.

The response rate of elements or subjects is quite critical when establishing the sample size and one has to estimate the response rate first, Fraenkel and Wallen (1996). Saunders et al. (1997) admit that estimating the response rate from the sample to which
you are sending a questionnaire is difficult but interviews are more predictable. They provide one way of establishing the response is through the review of previous surveys. Keogh (1999) citing a research by Dillman (1978) gave a benchmark for response rate of questionnaire at between 50 percent and 92 percent. This study will be mostly based on interviews.

Saunders et al. (1997) wrote that a researcher normally works to a 95 percent level of certainty.

Moser & Kalton (1986) and Henry (1990), argue that using sampling enables a higher overall accuracy than does a census. The smaller number of cases for which you need to collect data means that more time can be spent designing and piloting the means of collecting these data. According to Cooper & Schindler (2003), the basic idea of sampling is that by selecting some of the elements in a population the researcher may draw conclusions about the entire population. They also mention the reasons for sampling as lower cost, greater accuracy of results, greater speed of data collection and availability of population elements. Saunders et al (2003) say that if you collect data from every possible case this is termed census. They however say that for many research questions and objectives it will be impossible to collect or analyse all data owing to restrictions of time, money and often access.

Staff and management were selected using both probability and non probability techniques like judgemental and convenience. These techniques will allow factors like experience and positions to be considered in coming up with the sample of this study. Non probability sampling was used on senior management and management while for general staff it was non probability used specifically simple random sampling.

3.7.8 Sample Size

Wiersma and Jurs (1979) define a sample as subset of a population. Populations are studied through the use of samples from a population, as it is not always feasible to gather information on all members of a population. A representative sample is one,
which has been selected in such a way that as far as possible, the main characteristics of the sample match those of the parent population (Saunders et al., 2003). Wiersma and Jurs (1979) stated that it is too costly and time consuming to conduct a census of the population if the population is too large hence the resort to sampling which is generally cheap to conduct and less time consuming. Francis (1998) notes though, that a general disadvantage of sampling is the natural resistance by the layman in accepting the results as representative of a given population. Other disadvantages depend on the method of sampling used.

The size of a sample is governed by a number of factors and Saunders et al. (2003) list the following:

- The confidence one has in their data, which is the level of certainty that the characteristics of the data collected will represent the characteristics of the total population.
- The margin of error that the researcher can tolerate, that is, the accuracy you require for any estimate made from your sample.
- The types of analyses one will undertake, in particular the number of categories into which you wish to subdivide your data, as many statistical techniques have minimum threshold of data cases for each cell.

The above presents competing influences and Saunders et al. (2003) conclude that it is not surprising that the final sample size is most certainly a matter of judgment rather than calculation. The response rate of elements or subjects is quite critical when establishing the sample size and one has to estimate the response rate first, (Saunders et al. 2003).

Saunders et al. (2003) admit that estimating the response rate from the sample to which you are sending a questionnaire is difficult. One way of establishing the response is through the review of previous surveys. Saunders et al. (2003) citing a research by Dillman (1978) give a benchmark for response rate of questionnaire at between 50 percent and 92 percent.
It was only within the management that a judgmental approach to sampling was used in the conducting of interviews since the target population consisted of those were responsible for crafting the business model of Nutriveg. Managers were selected basing on their availability and their depth knowledge on the subject area.

### 3.8 Research Instruments

Denscombe (2000) advocated the use of two or more methods to enhance the validation and reliability of data. He said the use of multi method approach allows findings to be corroborated or questioned by comparing data produced by different methods. This allows validity of data as various methods allow for triangulation and they lend support to the analysis.

Determining the impact of the results of any research work is dependent upon two concepts: validity and reliability (Last 2001). Essentially, validity entails the question, “Does your measurement process, assessment, or project actually measure what you intend to measure?” Reliability, on the other hand, addresses whether repeated measurements or assessments provide a consistent result given the same initial circumstances (NATCO, The Organisation for Transplant Professionals: 2009).

Internal validity encompasses whether the results of the study are legitimate because of the way the groups were selected, the data was recorded or the analysis was performed. External validity, often called ‘generalisability’, involves whether the results given by the study are transferable to other groups (i.e. populations of interest) as postulated by Handley (2009). This research endeavoured to achieve both internal and external validity of results through following a proper study design and strict protocol execution.

A common threat to internal validity is reliability. Russ - Eft (1980) defined reliability as the degree to which the results are attributable to sources of variance. This research tried to overcome the risks associated with reliability by reviewing and thoroughly checking the research instruments, employing consistency checks and conducting a
pilot against which correlation co-efficiencies could be calculated. The research also took note of the National Longitudinal Study of the 1972 high school graduating class conducted by Conger & others (1976), in which they suggested that demographic variables should be used not only as control variables but also as moderating variables when analysing survey data. They also recommended conducting pilot studies prior to the main survey in order to permit modifications to improve its reliability and validity.

3.8.1 Interviews

Bryman and Bell (2003) summarize an interview as a way of soliciting of information by the researcher from the respondent. Saunders et al. (1997) citing Kahn and Cannell (1957) describe an interview as a purposeful discussion between two or more people. Interviews are meant to elicit primary data responses through direct questioning, (Wegner, 1993). Fraenkel and Wallen (1996), state that the advantages of using the interview technique approach are that the respondents can expand on areas of interest and uses non-verbal cues or body language such as facial expression to emphasize their responses, there is room for further probing and the interview obtains immediate responses. However the cost of coordinating and travelling can be exorbitant and one has to be a skilled interviewer to be effective otherwise the responses may be biased or inaccurate. In this study interviews will be the primary tool for collection of data with the use of an interview guide.

- An interview guide is the list of questions, topics, and issues that the researcher wants to cover during the interview.

- The interview guide should be clear and avoid ambiguity.

In addition to the above structured interviews were conducted. Corbetta (2003) states structured interviews are “interviews in which all respondents are asked the same questions with the same wording and in the same sequence” (p.269)
3.8.2 Questionnaire

Questionnaires are useful in evaluating attitudes, beliefs, feelings, opinions, knowledge and aspects of behaviour of the subject. This method, when properly designed, can give the researcher reliable and credible data. Denscombe (1998) views questionnaires as the most direct way of gathering data since the researcher can directly interact with the respondent and obtain direct and firsthand responses. Questionnaires facilitate relatively quick access and gathering of information with relatively good response rates, in addition to preserving respondent confidentiality. This applies to most formats of survey; for example, on-line and other paper-and-pencil questionnaires (British Educational Research Association, 2009).

A questionnaire is a data collection instrument that is applicable to the survey research. The design of a questionnaire differs according to how it is administered and in particular the amount of contact you have with respondents. A questionnaire is therefore a list of questions given to a respondent to answer. The questionnaire may either be administered by the researcher personally or may be posted / mailed to the respondents. The mailing of questionnaire to respondents has the advantage of lowering costs, removing bias by interviewer, has greater anonymity and allows greater geographical coverage. The disadvantages of mail questionnaire however, include lack of probing, low response rate even after follow-ups – sometimes making it difficult to obtain a representative sample. Other disadvantages of questionnaires are listed below.

- It may be difficult to obtain a good response rate. Often there is no strong motivation for respondents to respond.
- They are complex instruments and, if badly designed, can be misleading.
- They are an unsuitable method of evaluation if probing is required – there is usually no real possibility for follow-up on answers.
- Quality of data is probably not as high as with alternative methods of data collection, such as personal interviewing.
• They can be misused – a mistake is to try to read too much into questionnaire results.

3.9 DATA PRESENTATION AND ANALYSIS

For a qualitative research and contrary to quantitative researches, there is no defined or standard format for data analysis (Neuman, 2006). The researcher adopted the use of data displays as a basis for analysis. In spite of having to conduct independent interviews, the meaningful conclusions can only be established through common themes and reasoning, to allow generalizations. Information gathered had to be tested against existing accepted facts as stated in the literature review.

3.10 CHAPTER CONCLUSION

This chapter outlined the research design adopted in this research and justified the methodologies used. Qualitative data was primarily used in this research. Interviews of management team were conducted to gather data from Nutriveg for the period 2009 to 2012 through prepared interview guide questions. Yin (2003) ‘s asserts that a case study’s unique strength lies in that the researcher can deal with a full variety of evidence from documentary sources, observations and artefacts. The next chapter covers discussions and an analysis of the researcher’s findings.
CHAPTER FOUR
RESULTS AND DISCUSSION

4.1 INTRODUCTION

In this chapter the researcher presents the research findings from interviews. For easy presentation the findings are displayed using tables. The responses are captured first followed by a discussion on the concept, reconciling the common theme of the result the literature review.

4.2 RESPONSE RATE

The researcher interviewed 9 out of the 15 executives, management staff. Table 4.1 below, summarizes their title and respective area of responsibility.

Table 4.1: List of respondents

<table>
<thead>
<tr>
<th>NO.</th>
<th>RESPONDENT</th>
<th>AREA OF STRATEGIC IMPORTANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chief Executive Office (CEO)</td>
<td>Strategy</td>
</tr>
<tr>
<td>2</td>
<td>Executive Director</td>
<td>Production</td>
</tr>
<tr>
<td>3</td>
<td>Executive Director</td>
<td>Projects Development</td>
</tr>
<tr>
<td>4</td>
<td>Manager</td>
<td>Humana Resources</td>
</tr>
<tr>
<td>5</td>
<td>Manager</td>
<td>Sales &amp; Marketing</td>
</tr>
<tr>
<td></td>
<td>Respondent</td>
<td>Academic/professional background</td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>6</td>
<td>Manager Finance &amp; Administration</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Manager Supply Chain</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Manager Agronomy</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Business Accountant Finances</td>
<td></td>
</tr>
</tbody>
</table>

4.3. SECTION A

Table 4.3.1 summarizes the demographic information of the respondents that were interviewed.

Table 4.2: Demographic data

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Academic/professional background</th>
<th>Period employed by Nutriveg (years)</th>
<th>Period in the current capacity (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>MBA</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Chartered Marketer</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Business Development</td>
<td>Diploma</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>
Face to face interviews were carried out, interviewing the company's top executives who are all at the strategic level of the organization. An interview guide questionnaire was used. These executives have been employed by the company for a minimum of 5 years each which dates back to the period before dollarization. None of the respondents had less than four years in their current positions and thus provided in-depth information to this study. All respondents are properly qualified for their respective job requirements.
4.3.2 SECTION B: THE POSITIVE AND NEGATIVE IMPACT OF MULTI CURRENCY SYSTEMS IN ORGANISATIONS IN NUTRIVEG

**Question 1**: In what ways has the dollarization of the economy benefited your organization?

**Table 4.3: Benefits of dollarization on Nutriveg**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Dollarization brought about currency stability, which in turn stabilized the company’s operations.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Eliminated price volatility and opened scope for volume driven revenue. Eliminated speculative tendencies at all levels of trade.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>Brought stability and predictability in the way we conduct and plan our business strategy and day to day business operations.</td>
</tr>
<tr>
<td>Project Director</td>
<td>Project planning and implementation became easier.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>Created opportunities networking and creating synergistic opportunities.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The multi currency system has cushioned the company against monetary loss.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>Stability of disposable incomes and improved employee morale.</td>
</tr>
<tr>
<td>Finance &amp; Administration</td>
<td>Stabilization of exchange rates which enhanced proper budgeting.</td>
</tr>
</tbody>
</table>
According to the respondents dollarization brought about stability of the economy (the operating platform), currency stability, eliminated price volatility, created opportunities for the value chain to prosper and in general stimulated earlier planning and production. These outcomes are in line with the background literature and the observations already made by Shelton (1999) that dollarization eliminates price distortions and Roy & Sideras (2000) full restoration of stability of the economy. Unfortunately in the case of Zimbabwe and contrary to the expectations of past study dollarization did not attract capital inflows (Roy & Sideras, 2000). The findings suggest that dollarization through stabilization of the macro-operating environment, brought about many positives for the country but did very little for the company’s operations. It appears as if the company required to change its way (s) of doing business to take advantage of the macro-economic changes. Perhaps this is the point where the company’s business model had to change to suit the new changes. Planning became a lot easier and monetary value more secure. A production oriented approach could now be adopted following increased availability of raw materials and that fact that crop production could now be done more efficiently.

**Question 2: In what ways has dollarization negatively affected your organization?**

**Table 4.4: Negative effects of dollarization on Nutriveg**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Absence of capital to support production made it impossible for the</td>
</tr>
<tr>
<td>Role</td>
<td>Comment</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Increasing costs could not be passed to the consumer thereby squeezing margins and profitability. Imports became more competitive than locally produced products.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>Low capacity utilization made our products less competitive, as the company grappled to absorb overheads.</td>
</tr>
<tr>
<td>Project Director</td>
<td>Access to funding made it impossible to complete projects on schedule and/or within signed off budgets.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>There was a shift towards imports, at the expense of local production and most service providers were forced to shut down.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>Cost of inputs remained beyond many growers. The general shortage of products due to shortage of funding and inputs also pushed prices up making it uncompetitive for the factory to use such raw material.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>Cost of borrowings to finance working capital and capital expenditure from local financial institutions are prohibitive, short-term and difficult to secure.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>Employee welfare was further undermined due to retrenchments as businesses tried to right-size. Loss of valuable skilled labour force and employee moral nose-dived to unprecedented levels. Employees were put on short or half time as the business felt the need to manage costs.</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>The liquidity crunches crippled the business. The company stopped enjoying the exchange rate gains it used to enjoy.</td>
</tr>
<tr>
<td>Production Director</td>
<td>Cost of production escalated aggressively due to imported inflation making our products uncompetitive. The capacity to increase production was also curtailed due to shortage of operating capital which dollarization did not guarantee or come with.</td>
</tr>
</tbody>
</table>

Responses to this question advise that dollarization created business specific problems, particularly the need for capitalization, liquidity and credit risk increased. Industry specific problems characterized by increasing operating costs, challenges of service provision, loss of employees through retrenchments, curtailed production due to absence of operating capital. True to the literature review, the price, then of dollarized ``stability'' is that any economic shocks can only be dealt with by deflation — more specifically, by a sharp reduction in workers living standards no other way. Austerity becomes the only policy option (Healy, 2001). Professor Hawkins (2009) argues that the impact of dollarization on the competitiveness of the economy is potentially disastrous owing to raised thresholds for wage demands, tariff charges by parastatals, the supply chain, professional fees and business mark ups. The CEO ‘s main worry was that the absence of capital support made it impossible for the company to operate at levels that could sustain the level of overheads and also guarantee that the company’s products remained competitive on the market. Past dollarizations were often coupled with financial packages of some sort (Rory 2009). Such a package could not be availed to Zimbabwe because of the fact that dollarization was seen as a political mechanism to stop printing of the local currency (Rory, 2009). May be companies need to view dollarization from this context such that home-grown company specific solutions can be found or developed.

**4.3.2 SECTION C: EVALUATION OF CRITICAL SUCCESS FACTORS FOR NUTRIVEG.**

**Question 1:** Please evaluate to what extent dollarization impacted your business on below areas of business focus?
1. Revenue generation and profitability (how revenue is being generated through sales, product lines, the business’ cost structure and target profit margins)

**Table 4.5: Revenue and profitability options**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Less imperative to export out of the region as local sales for example are transacted in ‘hard’ currency.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Sales increased but profitability declined due to increasing overhead costs, yet operating capacity remained stagnant at 45% due to most working capital constraints. We could not meet our orders.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>The business is still seeking ways to establish a sustainable cost structure that ensures that cost build ups in our production operations result in competitive pricing of our final products given the stiff competition from imported substitutes.</td>
</tr>
<tr>
<td>Project Director</td>
<td>This phenomenon required us to change the business model, primarily increase production through vertical or downward integration to create capacity and volume driven growth.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>The inefficiencies emanating from our aging processing equipment have a bearing on the price of the product. To this extent the raw material composition in the mixed vegetable final product is critical to achieve production of quality product lines at the lowest possible cost.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>We are not making enough sales volumes to sustain the operations. Revenue is lower than cost. The cost of production is very much higher. Margins are so thin.</td>
</tr>
<tr>
<td>Role</td>
<td>Remarks</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The company’s capacity utilization is very low due to its inability to recapitalize and refurbish the factory.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>Dollarization in some way created globalization and thus we legged behind in training and up skilling our staff members to march new trends.</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>Revenue generation has been low. The company cannot penetrate to the international market due to the uncompetitive prices.</td>
</tr>
<tr>
<td>Production Director</td>
<td>We could not afford to fully utilize our production capacity, there was need to address all production related bottlenecks especially with regards to raw material supplies. This is the time the company should have invested in a fresh vegetable outgrower scheme to bridge the supply gap.</td>
</tr>
</tbody>
</table>

Responses agree in general that there was a reduction of revenue because of restricted production capacity and challenges around the supply of raw materials. In fact the depressed level of production is key to the challenges being faced by the company. For Nutriveg revenue is a function of price and volume. Volume apart from production capacity is also determined by the availability of the raw fresh vegetables for process as alluded by the Agronomy and the Production Director. The later actually wants to see more investment in to the fresh out grower scheme. rice competitiveness once spurred by inflationary erosion was lost and competition from well placed manufacturers from China and the world over attached the Zimbabwean market. Fourcans and Frank (2003) state that dollarization requires the policymaker to hold a certain minimal amount of foreign exchange reserves to intervene and address capacity related and safeguard the local industries and ensure that they remain competitive. A dollarized monetary system cannot devalue the currency by definition; to make local products more competitive because the government does not issue the currency under use (Bogetic 2000).
Question 2: Raw material supplies (fresh vegetables from farmers and other suppliers of coal and consumables)?

Table 4.6: Raw material supplies

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Easier to purchase supplies as stable currency allows for greater availability of products and in some instances credit terms.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Stake holders were not well capitalized to anticipate and meet our needs.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>The selection of the right product mix for processing is essential when engaging farmers for outgrowing vegetable contracts.</td>
</tr>
<tr>
<td>Project Director</td>
<td>Purchase agreements with suppliers of our major consumables like coal, factory chemicals and inputs for the out grower contract scheme are being pursued to reduce production costs.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>Open market outsourcing is unpredictable and associated with price volatility and poor quality materials.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>Contract outsourcing of raw material is the most sustainable way of ensuring availability of the right product at prices considered viable for processing.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The company enjoys the benefit of pre-financing in the form of credit terms which can now be obtained from the suppliers as a result of the more stable environment.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>The use of the multi currency system enables the company to access other consumables at cost efficient prices while incurring less administration costs.</td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>The supply of raw materials has been stabilized by the introduction of the multiple currency regimes.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>The supply side of production raw material can now considered certain.</td>
</tr>
<tr>
<td>Production Director</td>
<td>Farmers can access sustainable financing because of the stable macro environment.</td>
</tr>
</tbody>
</table>

Responses above points out that Nutriveg requires a lot of raw materials of fresh vegetables and these vegetables are not readily available or at least in quantities required by the company. There appears to be an option to secure such vegetables through contract production. This could not be done before dollarization due to the hyperinflationary environment. Roy and Sideras (2000) agree that benefits from dollarization are a reduction in exchange rate risk, and a restoration of long run stability which enables business to plan and roll out their strategic goals. Whilst this is true there is no company specific literature on how to deal with situations where one strategic resource has to be secured and the guarantees of future prosperity. Towards the end of 2009, the Government of Zimbabwe through the Reserve Bank of Zimbabwe made deliberate decisions to encourage imports of basic food stuffs, which were all rendered duty free instead of supporting local production. Rappa (2001) proposes that the key pillars to business success depend on revenue streams, cost structure, value chain positioning and sustainability of inputs (and other support services).
**Question 3: Marketing strategy (market segments and customer preferences, addressing the general preference for imports)?**

**Table 4.7: Marketing strategy**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>The traditional market segments have been taken over by new players, there is need to reposition our products.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Imports find the market competitive, countries of origin have the capacity to manipulate their exchange rates, devalue to stimulate exports.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>The company’s product range was too narrow to compete effectively, same with the target markets.</td>
</tr>
<tr>
<td>Project Director</td>
<td>The company is working on securing contracts with bulk customers with capacity to channel the product into the market.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>The mixed dry vegetables are mainly targeted to the low income to middle class earners, while the straight lines are targeting food processors.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>The market for surplus vegetables is huge and this is a potential profit centre (diversification).</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The company has two types of products. The mixed dry vegetables and the straight lines (single type of dried vegetable in a pack).</td>
</tr>
<tr>
<td>Finance &amp; Administration</td>
<td>We serve profitable market segments, the problem is in our limited capacity to absorb ever increasing overheads- electricity cost, labour</td>
</tr>
</tbody>
</table>
Responses suggest that Nutriveg did not change its marketing strategy after dollarization; it continued to produce the same product range and the same old ways. This continued to happen on a background of increasing operating costs; increasing cheap imports some perpetuated by the government’s duty free policy on basic food stuff, Monthly review report Reserve Bank of Zimbabwe (Aug 2009), low production capacity and inability to readily access foreign and international markets. Perhaps Nutriveg contravened the notion that sustainable business model provides the firm with an optimal mode of operation in a specific industry and market segment, which is continuously evolving (Mansfield & Fourie, 2003). Past studies also seem to suggest that it is important to group customers for targeting and recognize that different market segments have different needs. Sometimes the potential of an innovation is unlocked only when a different market segment is targeted (Chesbrough & Rosenbloom, 2002)

**Question 4: Value chain structure (addressing Nutriveg’s position and activities in the productive and trading chain).**

**Table 4.8: Value chain structure**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Outbound logistics are considered excellent at factory level.</td>
</tr>
<tr>
<td>Position</td>
<td>Description</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>The company has a marketing department but a weak marketing strategy.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>The company has taken a great stride in securing the source of raw material by putting in place the contract farming scheme.</td>
</tr>
<tr>
<td>Project Director</td>
<td>In general the primary activities of the company have improved due to the multi currency system.</td>
</tr>
<tr>
<td>Manager - supply chain</td>
<td>The value chain structure is still very weak not well complemented by other players especially suppliers.</td>
</tr>
<tr>
<td>Manager - Agronomy</td>
<td>Access to cheap inputs for the farmers, contracting growers and exclusive access to the fresh vegetables are key activities on this value chain.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The company has taken a great stride in securing the source of raw material by putting in place the contract farming scheme.</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>The company's core competence on the value chain includes capacity for value addition and historical marketing position and interaction with international markets.</td>
</tr>
<tr>
<td>Production Director</td>
<td>The company is positioned at a point of adding value to vegetables from the farm using its massive dehydration factory.</td>
</tr>
</tbody>
</table>

Respondents concur that the company is sitting on a strategic position because of its huge investment in plant and equipment, the outgrower scheme and its historical goodwill. The guideline is that management must know the firm's position and activities in the value chain and how the firm will capture part of the value that it creates in the
chain at maximum benefit (Chesbrough & Rosenbloom, 2002). As business models describe how a firm’s resources and its business environment are linked together to provide customer value and to generate a profit, a sustainable business model provides the firm with an optimal mode of operation in a specific industry and market (Mansfield & Fourie, 2003).

**Question 4: Growth strategies for the business (pace of past growth, projected and how that has been achieved)?**

**Table 4.9: Growth strategies**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Organic growth has not yielded desired results due to poor net earnings and as such will pursue joint ventures and equity options but retain 51% shareholding in the business.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>There are opportunities in investing in distribution networks up stream or outright acquisition of strong brands such as Pro-Brands to facilitate distribution of company products. So far organic growth has not yielded desired results.</td>
</tr>
<tr>
<td>Business Manager</td>
<td>The business growth is determined by the level and efficiency of capacity utilization which are currently constrained by various factors chief among them availability of the affordable funding for both working and capital expenditure requirements.</td>
</tr>
<tr>
<td>Project Director</td>
<td>The factory will also intend to partner with other established companies in an effort to get their leverage in terms of sourcing funding. The cost of borrowing has been prohibitive in the local market.</td>
</tr>
<tr>
<td>Role</td>
<td>Comment</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>The expansion of the supply chain has been slow there by undermining any prospects of meaningful growth.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>Through expansion of the scheme and explore fresh produce market for consistent revenue streams.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>Profitability has been subdued due poor growth levels as a result of constrained production capacity.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>Invest in capable staff with the capacity to take the business forward.</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>The factory’s thrust is on organic growth. The introduction of multiple currencies has stabilized the macro environment.</td>
</tr>
<tr>
<td>Production Director</td>
<td>The commissioning of 2 processing lines is the ultimate target for Nutriveg. The company is presently focusing on improving the efficiency of the single line currently in use to ensure its attains its 80% of its capacity which will contribute to 45% of the overall capacity of both lines. This line is almost at 60% of its capacity.</td>
</tr>
</tbody>
</table>

Whilst some of the respondents are in favour of organic growth, that is growth from internal funding, basically profits, other respondents lament the absence of adequate capital to generate enough profits for sustainable growth. Either of the strategies or models for growth can be implemented on the back of increased stability. It is reported that the current production capacity is below economic levels. McKinsey (2001) through his growth strategy model suggests that growth of the business can be organic but risk increases in one direction as the business moves towards equity takeover or joint ventures. He also argues that growth strategies focused business models must be
under pinned by: operational skills, privileged assets, growth skills and special relationships. Nutriveg has the plant and equipment.

**Question 5: Competitive strategy (how Nutriveg’s business model has created a sustainable advantage both in the industry and the market or its shortfalls)?**

**Table 4.10: Competitive strategy**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Need to reduce production costs – i.e. need to keep relatively low, cost of raw materials; must increase production capacity/volume to dilute fixed overheads.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>We have adopted an aggressive approach to build our brand and ensure visibility on the market.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>Made significant inroads on the retail, manufacturing and humanitarian institutions levels. Some reputable chain stores are already stocking Nutriveg products.</td>
</tr>
<tr>
<td>Project Director</td>
<td>With time the company can enjoy economies of scale, which will annihilate competition.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>In a global economy the company has to be well networked for sustainable competitive advantage.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>The contract farming project ensures that the company can control the price of raw material, thus ensuring that it gets the raw materials at a sustainable price.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The factory has the advantage of being the only factory performing</td>
</tr>
</tbody>
</table>

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Respondents were unanimous that increased competitiveness is dependent on managing growers effectively, retaining key staff, expanding economies of scale, and cost efficiencies through vertical integration, automation and efficient use of technology. Calia, Guerrini, and Moura (2007) show how technological innovation can trigger changes in the company’s operational and commercial activities, and hence in the business model.

**Question 6: Value proposition (how Nutriveg develops products and incorporates the customer’s perspective in finding a solution for the client’s problem)?**

**Table 4.11: Value proposition**
<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Nutriveg develops products based on consumer demand for the product and the extent/volume of such demand.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>The factory has the capability to produce product to diverse specifications and in line with customer, needs, tastes and preferences.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>The approach is to provide a quality product which meets consumers’ needs at an affordable competitive price. The product mix is therefore determined by this approach.</td>
</tr>
<tr>
<td>Project Director</td>
<td>Dried vegetables, mufushwa in particular is primarily for marginalized communities or middle to low income bracket because there is no refrigeration requirement.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>We have to be visible on the value chain, it's not enough to have a product with all desirable attributes, there is need for effective positioning.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>Nutriveg ensures that its product processing maintains the nutritional composition of the vegetables. This allows the company to adopt the tagline on its products that the product is healthy. In an environment with a high HIV/AIDS prevalence this addresses the consumers need to be healthy.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>My clients are primarily staff and for them a rewarding career is really what they are looking for.</td>
</tr>
<tr>
<td><strong>Finance &amp; Administration Manager</strong></td>
<td>The price has to be right, and affordable to the client for it to make sense.</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Manager- Agronomy</strong></td>
<td>All participants in the outgrower scheme are net beneficiaries. They get paid a margin above cost of inputs and will always be willing to participate on the scheme.</td>
</tr>
<tr>
<td><strong>Production Director</strong></td>
<td>Dried vegetables are more than mufushwa; all food processors require these products and are actually importing genetically modified and sometimes substandard inputs. Increased production and product range will go a long way in helping these customers.</td>
</tr>
</tbody>
</table>

According to the findings above the company has traditional products, developed prior to dollarization and which it continued to produce afterwards. The products are both for direct consumption by households and food manufacturing companies. This position means the perceived values of the two products is different. Seelos and Mair (2009) for example, have studied value creation mechanisms in the context of deep poverty. Quite ideal for the mufuswa product herein reported to be for the mass-market. Thompson and MacMillan (2010) propose a framework for developing new business models that can lead to societal wealth improvements like reducing poverty and human suffering, which study is considered relevant to these findings.
4.3.5 The respondents were asked what changes they would want to see made in the way the business was being managed.

a. Growth strategies

**Table 4.11: Growth strategies in context**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Acquisition of business’s in the value chain or disposal of equity.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Identify premium markets and markets where we have a competitive advantage.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>Growth can only be guaranteed through upgrading of the aged processing equipment and this strategy is already being pursued but facing financial limitations.</td>
</tr>
<tr>
<td>Project Director</td>
<td>Improve factory efficiencies in terms of time of production, number of labour. More competent and skilled management and labour force.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>Sourcing of raw materials to be determined by price. Combination of imports, open market, outgrower, own production.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>More scientific planning of vegetables to be planted, quantity and timing; more stringent administration of outgrowers with the focus on yields.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The company’s products are still in their early stages of the product life cycle where investment in marketing and increasing product awareness is very necessary yet sales are very low.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>Cultivation of positive factory culture and work ethic.</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>To source cheaper forms of financing in order to support its growth drive. The issue of relying on loans and organic growth is not sustainable for long term.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>When the product matures and starts earning profits the company can then decide to look at organic growth. A growth that is financed by retained earnings.</td>
</tr>
<tr>
<td>Production Director</td>
<td>In the long term a company should be funded with more equity and long term borrowings in order to avoid the exterminating of the financial growth to finance charges.</td>
</tr>
</tbody>
</table>

Respondents would like to see growth focused on acquisition of new business, takeovers, whilst some are optimistic that growth can be organic from expected profits, finance people expect growth from access to cheaper funding. McKinsey (2001) through his growth strategy model suggests that growth of the business can be achieved by exploiting various opportunities and using many dimensions, but the more the business is outward looking the higher the risk. Equity dilutes shareholders control and this can have dire consequences on the management of the business. Organic growth is most preferred by most companies. According to Berg (2005), is less costly, poses fewer cultural and adaptation problems than any other option. Although the CEO hindered on acquisition, this growth model might not be appropriate for Nutriveg because there are very few if any small businesses to take over to consolidate the company’s core business of vegetable dehydration. For emerging countries or economies such as Zimbabwe, it is alleged that the organic growth model from a sufficiently substantial platform is generally the best solution (Berg ,2005).
b. Income

**Table 4.12: income strategies in context**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Increasing productivity and production scope, new products such as fresh vegetables, investing in a fresh veg pack house.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Make related diversification and sell fresh to cushion high production costs.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>Income levels have to be matched with projected activities that are critical in generating the targeted incomes to minimize liquidity constraints that disrupt normal operations through failure to service critical suppliers and/or stakeholders.</td>
</tr>
<tr>
<td>Project Director</td>
<td>Product traceability at Nutriveg needs to be addressed urgently if trading in the global market is to be achieved to boost income.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>With stiff completion from other international players, Nutriveg is still in infancy to gain and utilize competitive advantages at its disposal.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>Nutriveg currently is a middlemen type of business exposed to tough competition from unscrupulous illegal traders.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>Nutriveg is currently not competitive.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>Nutriveg can boast of a large pool of farmers and worker that it supports, which fundamentally is a positive which needs to be complemented to aggressively improve productivity.</td>
</tr>
<tr>
<td>-------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>Product diversification is the most rational thing to do as it spreads the risk of cash flows. Different products cover different markets.</td>
</tr>
<tr>
<td>Production Director</td>
<td>Income streams are a direct function of the level of operating capacity, which has been below 45%, it has to go up.</td>
</tr>
</tbody>
</table>

Respondents confirm that there is need for new revenue streams, in addition to the traditional dried vegetables; some level of diversification is required by selling fresh vegetables before selling thereby reducing the operating cycle. A fresh vegetable pack house can also be run parallel to the dehydration plant. New revenue streams can be created through revolutionary business models. According to Hamel (2000), to thrive in the “age of revolution,” companies must develop new business models- in which both revenue generation and value capture occur in a value network. This drives the income generation higher. Cash generation has to be split between short, medium and long term since dried vegetable income is long term yet costs exist in the short run so there is mismatch. The present trading model is not supported by GAP, Eurepgap, ISO or HACCP. So in essence Nutriveg could be limited only to the local market where product specifications are not tight and quality is not much of an issue. This is not a sustainable scenario as new entrants/players could easily manoeuvre and move at a much faster pace than Nutriveg. Respondents are of the opinion that the primary factor in sourcing of raw material must be driven by cost and price, meaning the most ideal business approach at the moment hinges on revenue/cost preferences. The production director argues that more attention to be paid to when the factory production runs and ensure that cost build ups are managed. The need to diversify the use of the factory is also a critical option.
+ Go fresh market.
+ Export opportunities of fresh vegetables.
+ Convert part of factory into a fresh produce pack-house.

4.3.7 SECTION E: ASSESS THE RELEVANCE OF THE BUSINESS MODEL ADOPTED AT NUTRIVEG IN LIGHT OF THE ECONOMIC FOLLOWING THE INTRODUCTION OF MULTI-CURRENCIES.

1. In your own view, do you think that the business model of Nutriveg is relevant and viable in light of the economic conditions prevailing in the country? Please explain your answer in the space provided below?

Table 4.13: Relevance and viability of Nutriveg’s current business model

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>The model is not ideal and needs to be refocused. The pre multicurrency period focused on the majority of the product going to export market in Europe and US. The model of selling a majority of the product locally and in the region makes sense. Nutriveg should look to partner with schemes already supported by NGOs and other organization to reduce the input and oversight burden on Nutriveg</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Not yet but on course there is need to align the model to the global arena in view of dollarization.</td>
</tr>
<tr>
<td>Business Manager Development</td>
<td>The targeted products already have a proven market and essential use in food processing sectors thus justifying the implementation of the business model.</td>
</tr>
<tr>
<td>Project Director</td>
<td>Elimination of the current constrains in terms of funding for working and long term capital expenditure will result in the realization of the</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Role</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager- supply chain</td>
<td>There is need for alignment and reinvestment of energies into the global supply chain.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>Yes we are on target, with increased self-reliance on own production of our key raw materials the business will be able to be competitive and viable.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The business model is viable, as it provides a way of releasing funds for the continuance of production, yet provides management with a way of planning on how organic growth can be tackled in the long term.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>No, it does not focus on the key competencies for sustainable success.</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>There current business model is not ideal for the company, it lacks innovation.</td>
</tr>
<tr>
<td>Production Director</td>
<td>There is need for alignment to new models of production, customer oriented and cost effective, rather than the current produce to stock practice which is greatly undermining our cashflow.</td>
</tr>
</tbody>
</table>

Some of the respondents are of the opinion that the current model needs a review and to be realigned for the business to be more effective. Despite the known conceptual differences between business models and certain aspects of firm strategy, scholars have also emphasized that the business model can play an important role in a firm’s strategy. A few of the respondents also believe that with adequate funding there is no need for Nutriveg to change its business model. This notion is however deemed to be incorrect given that the company’s current challenges are across the board which will
not be fixed through access to additional funding. According to Richardson (2008), the business model explains how the activities of the firm work together to execute its strategy, thus bridging strategy formulation and implementation. In a similar vein Shafer, Smith and Linder (2005) and Casadesus-Masanell and Ricart (2010) view the business model as a reflection of a firm’s realized strategy. Nutriveg ought to review both its business model and the business strategy so that the various pillars of the business work together. Respondents pointed towards vertical integration, innovation, mass production, specialization, outsourcing and diversification as options to take Nutriveg to higher ground. Reviewing a company’s business model can play a central role in explaining the company's past performance. Afuah & Tucci (2001) propose the business model as a unifying construct for explaining competitive advantage and firm performance. How does one connect the above propositions? The various suggestions are now pointing towards electronic-business model typologies (Timmers, 1998). Nutriveg has the option to modernise its operations through virtual community platforms, collaboration platforms and/or value chain integrators.

2. **With the business model approach, do you think Nutriveg can react faster to the changes in the economic environment?**

**Table 4.14: Adaptability**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>The business model needs to be revisited, presently no capacity for adaptation.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>No, the business is too static; we cannot match customer changes in preference or taste.</td>
</tr>
<tr>
<td>Role</td>
<td>Response</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>The company does not have the capacity or scope to react to changes in the operating environment.</td>
</tr>
<tr>
<td>Project Director</td>
<td>Not as yet.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>Not ready yet, the model has to change and get connected.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>The nature of the business does not permit such agility.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>We are underfunded to afford such proactiveness.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>Not as yet.</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>The model restricts the company from reacting fast to any changes to the economic environment.</td>
</tr>
<tr>
<td>Production Director</td>
<td>No, we are too static and even our production systems are not synchronized for change.</td>
</tr>
</tbody>
</table>

The research findings reflect that the company’s current model does not allow it to reach to changes swiftly. The many stakeholders in the supply chain are not properly aligned to the value chain. Production changes also not aligned to customer needs. Björkdahl (2009) employs the business model concept for studying technology diversification and cross-fertilization efforts. His central argument is that the integration of new technologies into the technology base of a product (i.e., technology cross fertilization) can open up new subspaces in the existing technical performance and functionality space, which in turn requires a new business model if the economic value potential of the new technology is to be captured. Additionally, depending on the adopted business model, companies can react faster to the changes in the business environment (Rappa.2002). The business model concept could also improve the
alignment of strategy, business organization and technology. Finally, business model concept helps foster innovation and increase readiness for the future. Nutriveg clearly lacks above attributes an issue equally attributed both limited resources and inefficient allocation of scarce resources.

3. **Do you think that business model at Nutriveg help to foster innovation and increase readiness for the future in light of the economic conditions prevailing in the country?**

**Table 4.15: Innovation capacity**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>The company needs to be innovative; presently this has been impossible due to poor strategy.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>The model needs serious adjustments.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>The model has allowed some level of innovation to happen, especially the crafting and development of the fresh vegetable scheme.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>Without innovation the company will be extinct. The pace is relative slow for a globalizing economy.</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>The company has survived and quite innovative in it’s on way to strive to satisfy all the players in the value chain and at the same time attempt to compete internationally.</td>
</tr>
</tbody>
</table>

Respondents agree that the current business model in use by Nutriveg does not support innovation. With the global economy knocking on our doors the importance of innovation paramount. Value creation mechanisms is a direct function of innovation,
through Schumpeterian innovation, the (re)configuration of the value chain (Porter, 1985), the formation of strategic networks among firms, or the exploitation of firms’ specific core competencies all emphasise the importance of innovation. The Nutriveg operations play a critical role for an agro based economy like Zimbabwe which has the right climate, soils and the skills to conduct vegetable production at far less costs compared to other regions, at times this negates the need for innovation, much to the disadvantage of both the business and the economy. The current Nutriveg model fosters innovation for example currently the product is being sold at a discounted price of which the market appears to have accepted the current pricing says one respondent. However the price is not sustainable in the long run and the business has to come up with a plan to go beyond this period of discounted prices.

4.3.8 SECTION F: RECOMMEND AN APPROPRIATE BUSINESS MODEL FOR THE SUSTAINABILITY OF NUTRIVEG IN THE CURRENT ECONOMIC CONDITIONS.

4. In the spaces provided below can you please recommend an appropriate business model for the sustainability of Nutriveg in the current economic conditions and give reasons?

Table 4.16: Management own thoughts

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>The model for Nutriveg must start with fundamental understanding of the present realities in the economy arising from the introduction of the multicurrency. Its impact on each sector must be analyzed and understood – labour, cost of inputs, availability of funds and the cost; cost of utilities; imports. Based on this a model is developed that seeks to identify how best to manage and lower costs and where there is a competitive advantage.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Full integration from the farmer to the market.</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>Focus should be on the current model which requires the right structured funding to enable it streamline its operational challenges and produce the right priced quality product to match international expectations since the product has a proven use on the market in both the retail and manufacturing sectors.</td>
</tr>
<tr>
<td>Project Director</td>
<td>Downward integration will work and outsourcing the marketing and distribution activities.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>We need to outsource non core activities and specialize on production only. Focus.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The current model is suitable to a higher extent, however the company could be in a better position if certain non-value adding activities were outsourced.</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>I would recommend the company to focus more on its core competences because they give it the edge in the industry. It should desist from attending to auxiliary services like marketing.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>There is need to safeguard our key raw material supplies through downward integration. The scheme is being put in place.</td>
</tr>
</tbody>
</table>

Respondents appeared to know the components of an effective model or which they wish to see in an effective business model for Nutriveg. A vertically integrated model to safeguard the value chain. Nutriveg in the past could not operate efficiently because of shortage of fresh vegetables and without a consistent supply the business is severely crippled. Core competence based, some level of specialization on what the company
produces at best is also a desirable feature. Respondents also want to see the outsourcing of non-core activities such as transportation of produce and training of farmers. The focus on core competences is well articulated by Rappa (2001), the focus of the business must be its revenue stream anything else is non-core. It is their wish as well to see a competitive advantage hinged on low cost of production for most emerging economies (Afuah & Tucce, 2001). A revenue generation model needs to be adopted. A revenue model refers to the process by which a company actually makes money by specifying how it is going to charge for the services provided (Chesbrough & Rosenbloom, 2002).

2. What would you consider your major post-dollarization challenge for the business and the solutions?

**Table 4.17: Post dollarization challenges**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Funding constraints- pursuing options for JVs or equity options.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Price competitiveness due to high overheads- import and distribute where we cannot match market prices.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>Liquidity challenges for both working capital and capital expenditure that have hindered the process of modernizing the factory and gearing for competition at international level.</td>
</tr>
<tr>
<td>Project Director</td>
<td>The threat of imported substitutes continues to affect efforts to regain the lost local and export markets due to the current cost of production.</td>
</tr>
<tr>
<td>Manager- supply chain</td>
<td>Unreliable supply chain, mostly destroyed by cheap imports. Call for government protection.</td>
</tr>
<tr>
<td>----------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>Cost of inputs mostly beyond growers and making produce very uncompetitive. Explore opportunities to import cheaply or use organic fertilizers such as compost manure.</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The major post multi currency challenge for Nutriveg is the shortage of liquidity. Possible solutions can be entering into strategic partnerships with other organizations. The company may also consider offshore borrowings.</td>
</tr>
<tr>
<td>Human Resources Manager</td>
<td>Keeping workers happy under dollarized environment is difficult. Unreasonable salary reviews and work stoppages has led to closure of a number of businesses.</td>
</tr>
<tr>
<td>Finance &amp; Administration Manager</td>
<td>Cost of borrowings has been astronomical and borrowings limited to short-term periods, resulting in imminent debt traps. Alternative funding models have to be adopted to suit the dollarized environment.</td>
</tr>
<tr>
<td>Manager- Agronomy</td>
<td>Funding constraints made it impossible for the company to contract adequate number of growers, correct scope of crops and quality.</td>
</tr>
<tr>
<td>Production Director</td>
<td>The absence of adequate capital made it impossible for the business to produce at optimum levels. Access to capital has been very restricted, unlike during the ZWD era.</td>
</tr>
</tbody>
</table>

The main challenges being faced by the business relate to restricted access to funding, increasing operating costs which has led to uncomptitiveness, shortage of raw materials for processing, retention of staff, increasing pressure from imports, exorbitant cost of
funding. These challenges are particular to the Zimbabwean environment; hence literature herein does not exhaustively tackle these problems. Other economies dollarized in lieu of good financial support (Amit & Zott, 2002). The need to expand production and the scope of the business is generic to all businesses coming out of a depression. Marketing challenges, respondents offered very limited solutions, restricting it to the search for joint ventures or a takeover. Background study, Osterwalder (2004) argues that the first area that a business model contributes to is in understanding and sharing the business logic of a firm, such an important guide for Nutriveg, in that the company’s logic of doing business must make sense to all stakeholders, that is from shareholders to suppliers and in the case of Nutriveg the farmers must be willing to be life-long partners to the factory.

3. Do you consider the Nutriveg’s business model as ideal, please explain?

Table 4.17 components of an ideal business model of Nutriveg

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Not ideal under review to align it with the global trends brought about by dollarization.</td>
</tr>
<tr>
<td>Sales &amp; Marketing Manager</td>
<td>Not as yet, gaps evident. Cannot compete on the global platform.</td>
</tr>
<tr>
<td>Business Development Manager</td>
<td>Has not been able to capture all benefits brought about by dollarization and react to a semi-global economy</td>
</tr>
<tr>
<td>Business Accountant</td>
<td>The business model cannot be considered to be ideal, as there are quite a number of missing links in the processes of the organization such that maximum value may not be delivered to the customer.</td>
</tr>
</tbody>
</table>
All respondents were unanimous that the current business model is not suitable or has not been able to capture the business’ opportunities or take full advantage of dollarization. The business strategy and the model go hand in hand (Alt & Zimmerman, 2001). Unfortunately most suggestions for workable business models and strategies are for the first world and over the years the migration has been towards e-business models. E-business models do not quite work for Zimbabwean firms in that our level of digitalization has not yet reached the developed world levels. We still need to safeguard the supply chain and ensure growers are paid on time and eliminate side marketing; as opposed to have a priority to being able to compete at a global level. Business models help to capture, visualize, understand, communicate and share the business logic of a firm (Bonaccorsi et al 2006). Secondly, business models can improve measuring, observing and comparing the business logic of a firm (Afuah & Tucci, 2001). Thirdly, business model concept helps to improve the design, planning, changing and implementation of the business logic (Applegate, 2001). There is enough literature on this subject from an international perspective, however the situation differs in the Zimbabwean context.
Respondents did not have a definitive business model but merely stated components of the company’s ‘existing’ model. The CEO said that prior to dollarization the company had a basic revenue model, manufactured goods for an offshore marketing agent. The idea then was to produce and land products at a certain competitive price. With dollarization the former marketing agent looked for supplies from China. Literature already reviewed, according to Chesbrough & Rosenbloom’s (2002) paper; there are six components of a business model, which will be used to assess the appropriateness of any model being applied under conditions of dollarization.

- To articulate the value proposition: a description the customer problem, the product that addresses the problem, and the value of the product from the customer’s perspective. From the above responses Nutriveg does have a potential product, dried vegetables are best required by marginalized communities who do not have access to refrigeration. The products are considered highly nutritious and therefore ideal for humanitarian use.

- Nutriveg’s market segment is shifting, the group of customers to target, recognizing that different market segments have different needs. Sometimes the potential of an innovation is unlocked only when a different market segment is targeted. Prior marketing efforts were not necessary since marketing and distribution was being done through an agent.

- To define the structure of the firm’s value chain: the firm’s position and activities in the value chain and how the firm will capture part of the value that it creates in the chain. Nutriveg occupies a key position in this value chain, as a manufacturer there is room for it to capture value either from the farmer or upon market entry after value addition.

- To specify the revenue generation mechanisms: how revenue is generated (sales, leasing, subscription and support.), the cost structure, and target profit margins. As mentioned by the CEO and sales & marketing manager, the basic objective for this business has been to generate revenue at a given cost structure. It has not been easy and clearly the firm has to adopt a holistic approach.

- To describe the position of the firm within the value chain: identification of competitors, complimentary, and any network effects that can be utilized to deliver more value to the customer.
• To formulate the competitive strategy: how the company will attempt to develop a sustainable competitive advantage, for example, by means of a cost, differentiation, or niche strategy. The plan is to sell product locally and seeking to enter into the export market. Currently the company is selling dry mixed vegetables at a discounted price so as to unlock working capital which is in stock.

4.4 SUMMARY OF FINDINGS

4.4.1 A note on the demographic information of the respondents that were interviewed.

The research observed the absence of a marketing director or the equivalent of such a resource at the highest level of the organization. The absence of a qualified high profile marketing person was evident throughout the research and the main reason Nutriveg does not have a definitive marketing strategy. The company has failed to sell its products and now forced to sale at a discount. Its products are not market oriented and the past false comfort of having relied on a marketing agent is also very crippling for the operations. Other key functions of the business appear to be well resourced.

4.4.2 THE POSITIVE AND NEGATIVE IMPACT OF MULTI CURRENCY SYSTEMS IN ORGANISATIONS IN NUTRIVEG.

The company enjoyed most of the benefits of dollarization as outlined by the various authors but mostly at country level, such as the stability of the trading environment and prices (Roy & Sideras, 2000).

At macro-economic level the main challenge hinges on the government’s inability to control the currency for purposes of increasing competitiveness of local products, against imports (Payne, 2005)). This situation affected almost every country the world over, which adopted dollarization.

At business level the business faced serious challenges relating to restricted access to funding, by far the largest single challenge, which then made it impossible for the
company to operate at optimum levels, neither could the business aggressively compete against imports and/or attack foreign markets. This part is not covered by the literature available since internationally most economies who dollarized received a suitable financial package to enable the businesses to operate. As a matter of fact the Government of Zimbabwe through the Reserve Bank (2009) encourages cheap imports of food stuffs (then rated duty free) at the expense of local producers.

The above situation made it impossible for Nutriveg to realign its business model to the new operating environment and as such could not take advantage of the improving economic factors.

4.4.3 EVALUATION OF CRITICAL SUCCES FACTORS FOR NUTRIVEG.

Nutriveg needs to realign its business model, for its strategy to work. Two main differentiating factors seem to have captured the attention of scholars. The first is the traditional emphasis of strategy on competition, value capture, and competitive advantage, whereas the business model concept seems to focus more on cooperation, partnership, and joint value creation (Magretta, 2002; Mäkinen & Seppänen, 2007; Mansfield & Fourie, 2004), clearly not as elaborate in the Nutriveg study.

The second factor of interest to management scholars is the focus of the business model concept on the value proposition and a generalized emphasis on the role of the customer, which appears to be less pronounced elsewhere in the strategy literature.

The general view reveals a strong consensus that the business model revolves around customer-focused value creation (Chesbrough & Rosenbloom, 2002; Mansfield & Fourie, 2004). Without which Nutriveg will never prosper. Viewed from this perspective, the business model encompasses the pattern of the firm’s economic exchanges with external parties (Zott & Amit, 2008); it outlines the essential details of a firm’s value proposition for its various stakeholders as well as the activity system the firm uses to create and deliver value to its customers (Seddon, Lewis, Freeman & Shanks, 2004).
There is no doubt the Nutriveg has the capacity to produce the products it has always produced before dollarization, the issue surfacing in this research is that the current business model has a weak value proposition for the client.

4.4.4 ASSESS THE RELEVANCE OF THE BUSINESS MODEL ADOPTED AT NUTRIVEG IN LIGHT OF THE INTRODUCTION OF MULTI-CURRENCIES.

Despite the highlighted conceptual differences between business models and certain aspects of firm strategy, scholars have also emphasized that the business model can play an important role in a firm’s strategy. According to Richardson (2008), the business model explains how the activities of the firm work together to execute its strategy, thus bridging strategy formulation and implementation. In a similar vein Shafer, Smith and Linder (2005) and Casadesus-Masanell and Ricart (2010) view the business model as a reflection of a firm’s realized strategy. According to Teece (2004), the business model reflects a “hypothesis about what the customers want, and how an enterprise can best meet those needs, and get paid for doing so” (p. 1329). There is a serious gap between Nutriveg’s current business model and the model that will help it achieve its strategic objectives and also for its products to be competitive in the market.

CONCLUSION

The aim of this chapter was to report and discuss the findings of the study as well as relating it to literature. The following chapter gives conclusions of the study, recommendations based on the study findings and areas of future researches.
5. CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter looks at the summary of the results from the data that was obtained in the study. The conclusions are drawn from the results obtained from chapter four and the basis of the recommendations herein outlined. This chapter is also a yard stick of how far the researcher has gone in satisfying the objectives of the research and highlights area where further research is required.

5.2 Conclusions

Multicurrency introduction impacted both positively and negatively on company Nutriveg’s business model and thus is was necessary and continues to be important for the company to review and modify its business model for it remain competitive. An ideal business model to remains one which improves price competitiveness in view of increased competition either from a global or domestic perspective. The model must also foster self-sustaince through either downward or vertical integration given the collapse of both the traditional supply and value-chain. The factory cannot operate without a reliable supply of fresh vegetables in the correct quantities and quality. It is important that the model allows Nutriveg good control over this chain. Being a key strategic competitive advantage this cannot be out sourced.

In terms of revenue generation the domestic cake remains too small a market to focus on, as such a global marketing strategy is recommended. The company has the option to out-source this function through an effective marketing agent. The other option is resumption of old marketing distribution channels. There is no doubt that following dollarization this model would have to change given the absence of exchange gains. Cost efficiencies and price competitiveness becomes an important equation of this model.

This research was meant to address below objectives. The survey findings are summarized as below:
**Objective 1:** The primary objective of this study was to assess, evaluate and recommend what constitutes an ideal business model(s) for an agro-processing business operating in Zimbabwe during the post Zimbabwe dollar era.

**Conclusion:** Clearly it is impossible to prescribe a business model to any business or industry, however there are very solid grounds for concluding that following dollarization Nutriveg and/or any other business needed to adjust its ways of doing business and align it to the new environment. The key components of such a model will be:

1. **Agility:** the model needs facilitate responsiveness and an innovative approach. The onset of dollarization opened the economy to foreign competitors and these have the capacity for product differentiation to perfectly match changing consumer needs and wants.

2. **Competitiveness:** imports are made cheaper through devaluation an option no longer available to Zimbabwean companies. A vigorous review of the company’s cost structure and efficient production are key. For Nutriveg the cost of raw materials that is fresh vegetables needs to be competitive and as such Nutriveg must have a well managed contract scheme to ensure that the cost build up is competitive. Scheduling of production at factory level also needs to be based on what is coming out of the scheme. The company has to be more innovative than before, stop all non-core activities. An effective marketing strategy should buttress the above.

3. **Revenue generation:** the company’s value proposition has to be linked to the revenue generation model. Without revenue or profitability the company will not survive. In income streams need to be diversified, with new complementary products to be developed and pushed alongside dried vegetables. Two key products highlighted in the research were fresh vegetable sales and also packing of fresh produce. This makes sense because direct sales of fresh vegetables will shorten the cash cycle and packing of fresh vegetables will use most of the existing equipment. Dollarization eliminated all speculative tendencies so the business model must be driven by the appetite for organic growth of the business’ income streams.
4. Capital structure & funding model-by far the biggest single item influencing the company’s business model.

**Objective 2:** To establish both the positive and negative impact of multi currency systems in organizations in agro processing such as Nutriveg.

Conclusion: dollarization for Zimbabwe brought more good than evil. The stability it brought about at a macro level gave a change to Nutriveg to restart operations. It is up to individual companies to realign their business models to the new operating platform. For some countries dollarization was coupled with a financial package. Zimbabwean firms did not have this kind of support and this has made the turnaround much more difficult.

**Objective 2:** To establish the challenges of using multi currency in the operations of Nutriveg, this necessitates change.

Conclusion: the company faces many challenges emanating from the use of multi-currencies, the main one being the absence of capacity to capitalize the operations. Liquidity challenges and underfunding remain key challenges. Price competitive is also beyond the company’s grasp; cost build ups from operations have been to such levels that the company has not been profitable.

**Objective 3:** Assess the relevance of the business model adopted at Nutriveg in light of the economic conditions prevailing in the country.

Conclusion: this study clearly shows that the company’s business model is not aligned to the objectives of the firm. Change has been slow and the company has not been able to fix problems relating to shortage of and reliable and consistent supply of raw materials; failed to diversify the product line in to sale of fresh vegetables of packing of fresh produce to increased income streams and shorten the operating cycle and unlock much needed cash. At the marketing level the company has remained static and stuck in a local market without the capacity to absorb viable volumes.
5.3 RECOMMENDATIONS

In view of the findings cited above this study makes the following recommendations for adoption by other Zimbabwean companies operating in the dollarized environment.

5.3.1 The ideal business model in a dollarized economy

An ideal business model in a dollarized economy must address ensure that the company has guaranteed access to:

- Alternative and long term sources of funding.
- Product diversification (innovation).
- Effective cost management.
- The importance of integration.
- An effective marketing strategy.
- Competitiveness.

The study clearly showed that companies operating in dollarized economies where a stand-by financial package was in place faced little no challenge in building up operating capacity and their curves towards profitability were much stepper and quicker.

Dollarization is equivalent in some sense to globalization, innovation and product diversification enables the company to target profitable niche markets ahead of competition. Without agility companies operating from dollarized environments lose old markets and new products drive them out of business.

Due to imported inflation and the general increase in overheads, which in the case of Nutriveg are mismatched to low productivity result in outright erosion of profitability. Companies operating in dollarized environments need to know that the first step of making money is saving it.

Periods of hyperinflation often result in the total destruction of both the supply and value chain, as such as an interim measure and to support production build up there in need for either downward or upward integration. This structure will ensure that that the
company has guaranteed supplies of key raw materials and /or guaranteed access to certain markets. Nutriveg faces raw material challenges and we recommend implementation of a well managed fresh vegetable outgrower scheme. At marketing level the company has been unable to push its products in to the market and as such there might be need for an effective distribution channel, which can be guaranteed through equity investment in one leading distributors such as Probrands.

Dollarization opens up opportunities for the company to tap into global markets and the success of this in hinged on an effective marketing strategy. Should the company not go for the global market it will be just a question of time before global players attack the domestic market.

Above all there is need for a conscious effort in pursuit of competitiveness. Dollarization takes away the Government’s monetary policy capacity as such cannot devalue the currency (US$) to make local products more competitive. This inability means that product competitiveness has to be originated from production processes and internalized by the business.

5.3 STUDY LIMITATIONS AND AREAS OF FURTHER RESEARCH

The major limitation to this research was the restricted time frame thus limiting the scope of the work and observations. This being a case study, confidentiality made it impossible for the researcher to access, analyze and publish such information. As usual in fear of victimization or breach of some code of conduct, respondents felt that they could not divulge some information for confidentiality reasons and to safeguard organizational competitiveness.

A single case study analysis was performed, which only focused only on the Nutriveg as such not conclusive. A cross sectional review of similar organizations would eliminate company based inefficiencies which could be undermining the effectiveness of existing business models instead of blaming it all on dollarization. Dollarization is a fairly new topic for Zimbabwean researchers especially its impact on the industry, hence there is
relatively very limited formal literature in this area. In spite of the above limitations the content of this research remain valid and a useful reference point for future insights on this study area.

REFERENCES


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APPENDIX I

INTERVIEW GUIDE FOR NUTRIVEG MANAGEMENT STAFF

AN EVALUATION OF CHANGE BROUGHT ON BUSINESS MODEL(S) BY THE INTRODUCTION OF MULTI-CURRENCIES. A CASE OF NUTRIVEG (PRIVATE) LIMITED (PERIOD OF STUDY JANUARY 2009 TO 31 DECEMBER 2012)

INTERVIEW GUIDE - NUTRIVEG-THE ORGANIZATION

SECTION A: BACKGROUND OF RESPONDENT

5. Designation of respondent
   a. Supervisor [ ]
   b. Manager [ ]
   c. CEO [ ]
   d. Director [ ]
   e. Other specify ..................................................................................................

6. For how long have you worked for Nutriveg?
   ......................................................................................................................

7. How long have you been in your current position?
   ......................................................................................................................

8. Qualification level of the respondent
   a. Secondary [ ] e. Diploma [ ]
   b. Certificate [ ] f. Masters [ ]
   c. Degree [ ]
   d. PHD [ ]
   g. Other specify ..................................................................................................
SECTION B: THE POSITIVE AND NEGATIVE IMPACT OF MULTI CURRENCY SYSTEMS IN ORGANISATIONS IN NUTRIVEG

9. In what ways has the introduction of multi-currencies affected your organization positively?

__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________

10. In what ways has the introduction of multi-currencies affected your organization negatively?

__________________________________________________________________________
SECTION C: EVALUATION OF CRITICAL SUCCESS FACTORS FOR NUTRIVEG.

4. In what ways have the introduction of multi-currency influenced your business:
   
a. Revenue generation and profitability (how revenue is being generated through sales, product lines, the business’ cost structure and target profit margins)?
   
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b. Raw material supplies (fresh vegetables from farmers and other suppliers of coal and consumables)?

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c. Marketing strategy (market segments and customer preferences, addressing the general preference for imports)?

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f. Competitive strategy (how Nutriveg's business model has created a sustainable advantage both in the industry and the market or its shortfalls)?


g. Value proposition (how Nutriveg develops products and incorporates the customer's perspective in finding a solution for the client's problem)?
5. What changes would you want to see made in the way the business is being managed?

a. Growth strategies

b. Market segments
c. Competitive strategies


d. Income


e. Anything else


SECITON D: OPPORTUNITIES THAT ARE PRESENTED BY DIFFERENT BUSINESS MODELS FOR THE SUSTAINABILITY OF NUTRIVEG

11. What is the business model currently in use at Nutriveg?
12. Are there any opportunities that are presented by different business models for the sustainability of Nutriveg?

13. In the spaces provided below can you please identify opportunities that are presented by different business models for the sustainability of Nutriveg?

SECTION E: ASSESS THE RELEVANCE OF THE BUSINESS MODEL ADOPTED AT NUTRIVEG IN LIGHT OF THE ECONOMIC FOLLOWING THE INTRODUCTION OF MULTI-CURRENCIES.

14. In your own view, do you think that the business model of Nutriveg is relevant and viable in light of the economic conditions prevailing in the country? Please explain your answer in the space provided below?
15. With the business model approach, do you think Nutriveg can react faster to the changes in the economic environment?

16. Do you think that business model at Nutriveg help to foster innovation and increase readiness for the future in light of the economic conditions prevailing in the country? Please explain in the space below?

SECTION F: RECOMMEND AN APPROPRIATE BUSINESS MODEL FOR THE SUSTAINABILITY OF NUTRIVEG IN THE CURRENT ECONOMIC CONDITIONS.
17. In the spaces provided below can you please recommend an appropriate business model for the sustainability of Nutriveg in the current economic conditions and give reasons?

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6. What would you consider your major post-multiplicity challenge for the business and the solutions?

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7. Do you consider the Nutriveg’s business model as ideal, please explain?

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End of INTERVIEW

Thank you for your valuable support