JULY 2025 PROFESSIONAL EXAMINATIONS
STRATEGIC CASE STUDY (PAPER 3.4)
CHIEF EXAMINER'S REPORT, QUESTIONS AND MARKING SCHEME

EXAMINERS' GENERAL COMMENTS

The standard of the July 2025 Strategic Case Study (SCS) Paper has been regarded s as one of the best, if not the best, in recent memory. This is largely attributed to its focus on assessing candidates using some of the most widely recognised and traditionally applied strategic models.

Candidates were examined in the popular strategic models such as **PESTLE framework, Porter's Five Forces model, Ansoff's Product-Market Growth Matrix, Bowman Strategic Clock and McKinsey 7S framework**. Collectively, these models formed 50% of the paper for which reason there was general expectation that about 70% of the candidates should have passed the paper with high score, above 60% of available marks. However, the performance of the candidates did not meet expectations although it was far better compared to March 2025 paper.

STANDARD OF THE PAPER

Within the context of the syllabus coverage, content, weightings as well as marks allocation, the paper was highly standard. The case study was based on the transportation sector, specifically ride hailing transport services that affects the lives of many Ghanaians, especially commuters. The case study was well written with clarity and simplicity for every candidate to appreciate the operational and strategic issues affecting the company.

The requirements of each question were stated with clarity as the examiner, in some instances, assisted with specific concepts to be used by candidates in providing answers. Therefore, candidates who might have deviated in answering questions were not prepared for the examination.

PERFORMANCE OF CANDIDATES

The performance of the candidates was generally better than what happened in the March 2025 examination. In fact, given that the paper tested candidates in the popular and traditional models known in the Case Study, the performance could have been better had candidates prepared sufficiently for the examination.

One thing is clear, despite previous examiner reports highlighting inadequate preparation, candidates continue in the habit of not preparing sufficiently for the examination, as evidenced by average performance in this paper even though candidates themselves admit that the paper was fairly moderate.

NOTABLE STRENGTHS AND WEAKNESSES OF CANDIDATES

Candidates demonstrated strengths and weaknesses as follows:

Strengths

- Generally, candidates had no difficulty in applying **PESTLE** and **Porter's Five Forces** to the facts of the case. This is not surprising since these two models are the most popular frameworks that can be found in Case Study.

- Again, many candidates demonstrated familiarity with **Ansoff's Product-Market Growth Matrix** and applied it to the facts of the case, perhaps out of sheer excitement or misunderstanding of the requirements, candidates applied all the four growth directional strategies when the question required application of **market development** and **product development**.
- Further, **Bowman Strategic Clock** under competitive strategies or business strategies was fairly applied by the candidates. Majority of the candidates drew the strategy clock and identified the five workable strategies notwithstanding the fact that not all the strategies were required to be discussed.

Weaknesses

- As stated previously herein, the paper was reasonable because candidates were examined in commonly known models, that notwithstanding, some candidates either did not prepare at all or were poorly prepared for the examination, which reflected in some scoring very low marks.
  Candidates are advised to answer questions thematically by ensuring that each theme addresses sub-requirements in a question. This will improve the marks earned from each question to improve the chances of candidates passing and for those who are successful they pass with high marks.
- Another major weakness that continues to plague candidates generally is lack of or poor application of the principles, concepts and theory to the facts of the case study. For example, many candidates simply defined the elements of **PESTEL**, **Porter's Five Forces, Ansoff's Product-Market Growth Matrix and Bowman Strategy Clock** without critically applying these models to address the matters arising from RideGo case study. This is a major problem because models are not an end in themselves but are supposed to be used to provide solutions to business problems.
- The most shocking weakness manifested by some good number of candidates is their lack of understanding of what constitute "**financial objectives**" required in question 4 (a). Even though the examiner provided examples of financial objectives in the requirements of the question, some candidates provided non-financial objectives such as customer satisfaction, customer complaints and so on. This situation is completely unacceptable given that SCS is a final paper in the final level and candidates at this level ought to know these basic concepts.
- Candidates also displayed weak appreciation of the corporate governance issues examined which dealt with discussion of the corporate governance challenges and recommendation of best practices measures to address the challenges.
- The long-standing issue of poor handwriting was notably evident in this examination. Candidates are advised to write legibly, as illegible scripts may adversely impact the assessment of their work.
- Finally, it is worthy to note that although SCS is not an English paper, but it is important that formal and grammatically correct language is used in expressing oneself and bringing clarity to the idea being put forward. Candidates are encouraged to pay close attention to their language usage in order to improve their prospects of successfully passing the SCS examination.

RideGo Ghana (RG)

From Streets to Screens: The Rise of Ride-Hailing

The ride-hailing industry as we know it today had humble beginnings but quickly evolved into a global phenomenon, reshaping urban mobility and transforming the transportation landscape. Its origins can be traced to the late 2000s when technological advancements, especially the widespread use of smartphones and GPS technology, created the perfect conditions for a new way of hailing a ride. Here’s a detailed look at the global history and trends of ride-hailing services.

The ride-hailing industry is often credited to the success of Uber, a company founded in 2009 by Garrett Camp and Travis Kalanick in San Francisco, California. Uber's idea was revolutionary: to offer a seamless mobile app-based platform where passengers could quickly find nearby drivers and book a ride, and tracking their vehicle in real-time. This idea emerged from the frustrations that both passengers and taxi drivers faced with traditional taxi-hailing systems, where passengers were often left waiting for long periods, and taxis frequently struggled to find customers.

Uber’s founding was followed by a period of rapid innovation. The early years of the 2010s saw the company developing and refining its mobile app, establishing a reputation for reliability and convenience, and expanding its operations. In 2011, Uber launched its service in New York City, further establishing its foothold in the global market.

Following its success in the United States, Uber quickly began expanding internationally. By 2013, Uber had entered several international markets, including Europe, Asia, and Latin America. The company adapted its offerings to meet local market conditions, introducing new ride options such as UberX (low-cost rides) and UberPool (carpooling), which allowed passengers to share rides and split fares.

Other companies like Lyft (launched in 2012 in the United States) and Ola (launched in 2011 in India) soon entered the market, each offering similar services with slight variations. Lyft, for example, introduced the concept of offering "rides from friends" and aimed to create a more social and personal experience for passengers and drivers. Meanwhile, Ola quickly became a dominant player in the Indian market, with a focus on leveraging the vast number of mobile phone users in the country.

The trend was clear: the demand for affordable, reliable, and accessible transportation was growing, and ride-hailing services could provide a practical solution to these urban mobility challenges.

The Rise of Competition and New Business Models

From 2015 onwards, the ride-hailing market saw an influx of new competitors and new business models. In particular, companies began to expand into various niches, such as food delivery (UberEats, launched in 2014) and freight services (Uber Freight, launched in 2017). Additionally, new competitors in various markets, including Didi Chuxing (China), Grab (Southeast Asia), and Bolt (formerly Taxify, founded in 2013 in Estonia), started challenging Uber’s dominance in key regions.

In the same period, the market also saw a growing trend toward ride-sharing services that allowed passengers to pool their rides with others going in the same direction, further reducing costs and promoting environmental sustainability. Companies like Lyft, Uber, and Grab began focusing more on providing cheaper, greener, and more convenient travel options for passengers. Moreover, the rise of regulatory scrutiny regarding labor practices, driver compensation, and passenger safety led to greater corporate focus on compliance with local regulations and the development of partnerships with local governments.

The Technology Boom: Advancements in Autonomous Vehicles and AI

As of the 2020s, the ride-hailing sector began to witness significant advancements in technology, including the push for autonomous (self-driving) vehicles and artificial intelligence (AI). Companies like Uber and Waymo (a subsidiary of Alphabet, Google's parent company) began testing autonomous vehicles, with the aim of reducing operating costs, improving safety, and ultimately reshaping the transportation system.

Simultaneously, AI and machine learning technologies were implemented to optimize routing, reduce wait times, predict demand, and enhance safety features. The application of AI in predictive analytics allowed ride-hailing companies to streamline operations, enhancing user experiences and improving fleet management.

The ride-hailing sector continued to evolve with a growing emphasis on sustainability. In many markets, companies began integrating electric vehicles (EVs) into their fleets and exploring green mobility solutions, such as bike-sharing and electric scooter services, to further promote eco-friendly transportation alternatives.

The African story

Africa, with its rapidly growing urban population and evolving digital infrastructure, has become an attractive market for ride-hailing companies. The rise of smartphones, increased internet connectivity, and growing economic activity have laid the groundwork for the expansion of ride-hailing services in several African countries. Let's explore how the ride-hailing sector expanded across the African continent and highlight some of the successful markets.

Uber was the first major international ride-hailing company to enter the African market. It made its debut in Africa in 2013 by launching operations in South Africa, a country known for its relatively high smartphone penetration and urban mobility challenges. Uber's success in South Africa paved the way for its expansion to other African countries. By 2015, Uber had also launched services in Kenya, Nigeria, and Egypt, catering to large urban populations in cities such as Nairobi, Lagos, and Cairo.

Uber's strategy in Africa was similar to its global approach: offering affordable, reliable, and convenient rides through its mobile app. However, Uber also adapted its model to suit local conditions by introducing lower-cost options like UberX and UberPool. Uber's expansion strategy focused on high-demand urban centers with relatively developed transportation infrastructures, making it easier for the service to gain traction.

Uber has seen significant success in major African cities, particularly in South Africa, Kenya, and Nigeria, where it quickly captured a sizable share of the ride-hailing market. In South

Africa, for instance, Uber became a popular alternative to traditional taxis, which were often unreliable and expensive. Similarly, in Kenya's capital, Nairobi, Uber revolutionized transportation by providing a safe, secure, and affordable way to commute in a city that struggled with traffic congestion and limited public transport options.

In Nigeria, Uber competed with the local taxi industry and other informal transportation providers such as "Okadas" (motorcycle taxis) and "Pragia" (tricycles). Despite facing initial regulatory hurdles and competition from rivals like Taxify (now Bolt), Uber established a strong presence by targeting young, tech-savvy urbanites in Lagos and Abuja.

While Uber's entry into Africa was groundbreaking, local competitors quickly emerged to challenge its dominance. In 2016, Bolt launched its ride-hailing services in Estonia before rapidly expanding into several African countries, including South Africa, Nigeria, Kenya, Ghana, and Uganda. Bolt differentiated itself by offering lower fares and better incentives for drivers. The company focused on leveraging local knowledge and operational efficiency to compete with Uber, and it quickly gained popularity in cities across Africa.

In South Africa, Bolt's aggressive pricing and driver-centric model allowed it to capture market share from Uber. Bolt also expanded into new cities and regions faster than Uber, which enabled it to cater to a broader audience of passengers. Bolt's popularity in Kenya, Nigeria, and South Africa has grown significantly, and it has become a leading player in the African ride-hailing sector.

Leading Ride-Hailing Services in Africa: Key Players and Market Insights

The African ride-hailing market was valued at USD 2.53 billion in 2025 and is projected to grow to USD 3.16 billion by 2030, reflecting a Compound Annual Growth Rate (CAGR) of 4.5% between 2025 and 2030. With the rapidly growing ride-hailing sector in Africa, various international and local players have carved out niches in the market. Table 1 provides a snapshot of the top players in the African ride-hailing market, showcasing their unique strategies and market dominance. The competition is intensifying, but each company's focus on regional differences, pricing strategies, and innovative services continues to shape the evolving ride-hailing landscape in Africa.

Company Name	Details	Market Insights
Yango	Launched in 2018 by the Dutch/Russian company, it collaborates with local registered taxi firms to enhance their businesses, instead of competing directly with them.	Yango is a market leader in **7 African countries**: Senegal, Côte d'Ivoire, Ghana, Uganda, South Africa, Egypt, and Tanzania. Its market strength lies in its collaborative model, which has enabled successful penetration in Francophone regions.
Bolt	Bolt, an Estonian-based company, entered Nigeria and South Africa in 2016 and has become a dominant player in markets across Africa. It expanded in Q1 2024 to countries including Egypt,	Bolt leads in **5 of the 10 largest ride-hailing markets in Africa**, including South Africa, Ghana, Tanzania, Nigeria, and Kenya. Bolt is highly competitive due to its

	Zimbabwe, DRC, Botswana, and Namibia.	aggressive pricing strategy and local market adaptability.
inDrive	Headquartered in the USA, inDrive was founded in 2018 in Côte d'Ivoire. Known for its zero-commission policy, inDrive ensures drivers keep 100% of their earnings, which has fostered a loyal user base of both drivers and passengers.	inDrive is rapidly expanding across Africa, **gaining popularity for its driver-friendly policies**. It operates in a variety of markets, including Côte d'Ivoire, and is known for targeting more niche markets with a community-focused approach.
Gozem	Founded in Togo in 2018, Gozem provides a variety of on-demand services in a single app, including transportation, delivery, and cashless payment options. It operates motorcycle-taxis, car-taxis, and tricycle-taxis alongside other services.	Gozem leads in Togo, Benin, and Gabon, and is **expanding further across Francophone West and Central Africa**. It stands out due to its broad range of services, making it a comprehensive platform for consumers.
Uber	A pioneer in the African ride-hailing market, Uber entered South Africa in 2013 and expanded to several countries across the continent, including Nigeria, Kenya, and Ghana. Known for constant innovation, Uber offers services like Uber Comfort, Uber XL, and Uber Teen Accounts.	Uber ranks among the **top three ride-hailing services in eight African countries** but is dominant only in Egypt. It has invested heavily in sustainability, with a focus on **electric vehicles (EVs)** and expanding in key markets like South Africa.
Teliman	Launched in 2018 in Bamako by the Malian diaspora, Teliman focuses on motorcycle-taxis in Mali, where it has become the market leader.	Teliman leads the **motorcycle-taxi sector** in Mali and is considered a small but successful player, tapping into local transportation needs and offering a strong niche product.
SafeBoda	Founded in 2014 in Uganda, SafeBoda operates motorcycle-taxis and SafeCar services. Backed by Google, SafeBoda has gained significant traction in Uganda and Kenya, outpacing competitors like Uber and Bolt in Uganda.	SafeBoda is a **market leader in Uganda**, where it outperforms Uber and Bolt, and has expanded its presence in Kenya, consistently gaining traction among commuters seeking affordable and safe transport options.

Key Service Types in Africa's Ride-Hailing Sector

The ride-hailing sector in Africa encompasses a variety of transportation services that connect passengers with drivers using private vehicles through digital platforms. This sector has expanded rapidly due to the convenience, affordability, and flexibility it offers to users. Below is a table outlining the key types of services within the ride-hailing industry, along with expanded descriptions to provide a clearer understanding of each service type.

Table 2: Service Types in Ride-Hailing Sector

Service Type	Description
Private Hire Vehicles (PHVs)	Private Hire Vehicles (PHVs) refer to transportation services where passengers hire an entire vehicle, typically a car, for a single journey. These vehicles are pre-arranged and do not pick up passengers from a street hail but must be booked in advance, often through a mobile app or phone call. PHVs provide a convenient and private option for individuals or groups seeking a tailored transportation service.
Car Pooling	Car pooling is a service where multiple passengers share a ride in a single vehicle, typically reducing individual costs by splitting the fare. This option is beneficial for those traveling in the same or a similar direction, often for work or long-distance travel. Carpooling not only lowers travel costs for passengers but also helps reduce congestion and the environmental impact of the transportation sector by minimizing the number of vehicles on the road.
Bike Taxis	Bike taxis are motorcycle-based services that offer quick, affordable transportation for passengers, particularly for short-distance travel in congested areas. This service is widely used in many urban centers where traffic congestion can delay travel times. Passengers benefit from the faster navigation of traffic and the ability to get to their destination more quickly compared to traditional car services. Motorcycle taxis are often seen as a practical and cost-effective alternative for short commutes.
Auto Rickshaws	Auto Rickshaws, or tuk-tuks, are three-wheeled vehicles (tricycles) commonly used for short-distance travel in many developing countries. They are especially popular in cities with dense traffic or areas where larger vehicles cannot easily navigate. These services are affordable and cater to individuals or small groups, making them ideal for urban commuting. Auto rickshaws are a staple of the transportation sector in many regions, providing an essential service to lower-income groups while offering flexibility and speed in dense areas.

Key Drivers of the Ride-Hailing Sector in Africa

The ride-hailing sector in Africa is experiencing rapid growth, fueled by a combination of economic, social, and technological factors. Below is a detailed overview of the key drivers propelling the growth of the ride-hailing market, including relevant statistics and additional drivers that have impacted the sector across the continent.

Driver	Description	Impact
Urbanization	Africa is undergoing one of the world's fastest urbanization rates, with over 40% of the population living in cities as of 2020. This number is projected to increase to 56% by 2050. As people move to urban areas, the demand for efficient, reliable, and affordable transportation services rises. In large cities such as Lagos, Nairobi, and Cape Town, the increasing urban density has significantly expanded the market for ride-hailing services, making them an integral part of daily commuting.	**High**
Internet Penetration	With mobile internet access expected to reach 75% of Africa's population by 2025, the widespread adoption of smartphones has played a pivotal role in the growth of ride-hailing services. The ability to access services on-the-go through mobile apps has made transportation more accessible to a larger portion of the African population, particularly in urban and semi-urban areas. This increased connectivity has allowed ride-hailing platforms to reach a broader audience, making it easier for consumers to book rides seamlessly.	**High**
Economic Growth	Africa's middle class is expanding, with projections suggesting the number of middle-class consumers will rise by 50% by 2030. As disposable incomes rise, the demand for private and more convenient transportation services is increasing. In countries like Nigeria and South Africa, where GDP per capita is steadily growing, the affordability of ride-hailing services has made them an attractive mode of transport for urban populations, particularly the working class.	**Medium**
Government Regulations	The regulatory landscape for ride-hailing services in Africa is evolving. Countries like South Africa are implementing laws that standardize the sector, ensuring safety for both drivers and passengers. However, regulatory challenges persist in countries like Kenya and Nigeria, where governments struggle to balance the rise of ride-hailing services with the interests of traditional taxi operators. These regulations can either foster growth by creating a stable operating environment or hinder progress by imposing restrictive measures.	**Medium**
Technological Advancements	The development and adoption of digital payment systems, GPS tracking, and mobile applications have significantly enhanced the ride-hailing experience across Africa. With over 50% of ride-hailing transactions now made through digital payments, especially in countries like Kenya, Ghana, and Uganda, mobile money has become a game-changer. The use of GPS technology has optimized routing, reduced travel times,	**High**

	and improved safety, making ride-hailing services more convenient and accessible to a wider audience.	
Competition and Market Saturation	The intense competition between global players like Uber and Bolt, as well as emerging local companies such as Yango and inDrive, has fostered innovation in the sector. Companies are introducing new pricing models, incentives for drivers, and additional services such as ride-sharing and electric vehicles (EVs) to capture market share. This competition has made ride-hailing services more affordable and accessible to consumers but also puts pressure on the profitability of companies.	**Medium**
Population Growth and Youth Demographics	Africa has the world's youngest population, with over 60% of people under the age of 25. This young, tech-savvy demographic is more inclined to adopt ride-hailing services, particularly in urban areas where traditional transportation options are less efficient. The growing youth population, combined with urbanization, has contributed to an increase in demand for ride-hailing services, as young people seek faster, more convenient ways to travel in congested cities.	**High**
Access to Financing for Drivers	In many African markets, the availability of affordable financing options has encouraged more individuals to become ride-hailing drivers. Partnerships between ride-hailing platforms and financial institutions have made it easier for people to access loans or vehicle leasing programs, enabling them to purchase or rent vehicles to use on the platform. This has led to an increase in the number of available drivers, further boosting the supply side of the market and providing greater flexibility for consumers.	**Medium**

RideGo Ghana (RG)

RideGo Ghana (RG) is a dynamic and rapidly growing ride-hailing company that has become a leading player in Ghana's transportation sector. Established in 2017 as part of a global expansion strategy by a renowned international ride-hailing brand, RideGo Ghana aims to revolutionize urban mobility across the country. Through its innovative use of technology, customer-centric approach, and strong commitment to empowering local drivers, RideGo Ghana has garnered significant market share and remains at the forefront of transforming the way people commute within the country.

The company's success can be attributed to its ability to identify and meet the changing transportation needs of Ghanaians in a fast-paced, urbanizing society. RideGo Ghana connects passengers to a network of drivers using a mobile application, allowing users to book rides from anywhere within the service area. The company's journey has been marked by consistent expansion, operational improvements, and significant contributions to the local gig economy, making it an essential part of the daily life of many Ghanaians.

RideGo Ghana began its operations in 2017, launching in Accra, the bustling capital of Ghana, where traffic congestion and limited public transport options created a fertile environment for the company's services. The initial goal was simple: provide an efficient, safe, and affordable alternative to traditional taxis and private car services, which had long dominated the local transport market. As Ghana's urban population continued to grow, so did the demand for quick and reliable transportation solutions. This demand, coupled with the increasing adoption of smartphones, made the timing ideal for RideGo Ghana’s entry into the market.

The company quickly expanded its reach, moving beyond Accra to other major urban centers, including Kumasi and Takoradi. The rapid expansion was a testament to the popularity of RideGo Ghana’s services, which filled a critical gap in Ghana's transport infrastructure. By 2020, RideGo Ghana had grown its user base to over 600,000 registered passengers and a fleet of more than 4,000 active drivers across the country. The company’s growth trajectory was driven by its ability to provide real-time solutions to commuter challenges, making it a staple in the daily routines of Ghanaians.

Mission, Vision, and Core Values

Mission:
RideGo Ghana’s mission is to redefine urban transportation in Ghana by providing innovative, affordable, and accessible mobility solutions to people across the country. The company aims to create a seamless transportation experience that connects passengers with drivers in the most efficient and secure manner, while empowering local communities and contributing to Ghana’s economic growth.

Vision:
To be the premier ride-hailing service in Ghana and West Africa, delivering world-class transportation services that transform urban mobility, improve sustainability, and offer economic empowerment to thousands of drivers.

Core Values:

- ***Innovation:*** *RideGo Ghana prioritizes continuous innovation by adopting the latest technological advancements, from app-based ride-booking systems to advanced GPS navigation, ensuring that both drivers and passengers have a smooth experience.*
- ***Safety:*** *The company places a high value on safety, implementing background checks for drivers, real-time ride tracking, and emergency features within the app to provide passengers with peace of mind during their journeys.*
- ***Customer Focus:*** *Customer satisfaction is at the heart of RideGo Ghana’s operations. The company is committed to delivering an exceptional customer experience by offering a reliable and efficient service that meets the diverse needs of its passengers.*
- ***Empowerment:*** *Through its gig economy model, RideGo Ghana empowers drivers to earn an income on their own terms, providing them with the flexibility to choose their work hours and career progression.*
- ***Sustainability:*** *RideGo Ghana is actively committed to reducing its environmental impact by exploring green transportation options, such as electric vehicles, and encouraging shared rides to decrease the carbon footprint of the transportation sector.*

Technological Innovation and the Mobile Application

RideGo Ghana's growth and success can be largely attributed to its use of technology, particularly its mobile app, which serves as the backbone of its operations. The company has developed a robust and user-friendly platform that allows passengers to book rides seamlessly, track drivers in real time, and make secure payments. The app is available for both Android and iOS devices, ensuring wide accessibility to users from diverse backgrounds.

For passengers, the app is intuitive and easy to use, offering features like fare estimates, ride-sharing options, and the ability to rate drivers after each journey. The real-time tracking system ensures that passengers know exactly when to expect their rides, while the in-app payment options provide a secure and convenient way to pay for rides.

On the driver side, the app is equally powerful. Drivers can easily accept or decline ride requests, track their earnings, navigate to passenger pick-up points, and access essential support services. Additionally, the platform includes safety features such as a built-in emergency button that alerts local authorities in case of any safety issues.

In addition to its mobile app, RideGo Ghana has embraced data analytics and machine learning to optimize ride allocations, improve route efficiency, and predict demand patterns. The company's data-driven approach enables it to anticipate peak demand periods and deploy additional drivers in high-traffic areas, ensuring passengers never have to wait long for a ride.

Drivers and the Gig Economy

One of RideGo Ghana's standout features is its ability to provide flexible earning opportunities for drivers. The company's model allows individuals to drive on a part-time or full-time basis, offering significant flexibility in work hours. This flexibility has attracted a wide range of individuals, from students seeking part-time income to professional drivers looking for full-time work opportunities.

As of 2024, RideGo Ghana boasts a diverse fleet of more than 4,000 drivers, with many drivers owning their vehicles, while others rent vehicles through partnerships with local car rental agencies. This diverse group of drivers has helped the company maintain a high level of service quality while also addressing the problem of unemployment in urban areas. The gig economy model has allowed thousands of individuals to join the workforce in a way that was previously not possible with traditional employment structures.

RideGo Ghana has further empowered its drivers by offering them incentives through its Driver Rewards Program. This program encourages drivers to maintain high ratings and complete a certain number of rides per week. Through the program, top-performing drivers are rewarded with bonuses, additional perks, and access to exclusive training and support programs. The company also provides ongoing education for drivers to ensure that they meet service and safety standards, thereby ensuring a positive customer experience.

In addition, RideGo Ghana has partnered with financial institutions to offer low-interest loans to drivers, enabling them to purchase vehicles and enter the transportation business without heavy financial burdens. This partnership has been particularly impactful for drivers who have limited access to traditional banking services but are seeking a way to become financially independent.

Expansion and Market Penetration

RideGo Ghana has made significant strides in expanding its services beyond Accra to other parts of the country. The company first expanded into Kumasi, Ghana's second-largest city, in 2018. The move was strategic, as Kumasi presented a growing demand for ride-hailing services, with many individuals seeking faster and safer alternatives to traditional taxis. By 2020, RideGo Ghana had spread its services to other regional capitals, including Takoradi and Cape Coast.

As part of its future plans, RideGo Ghana aims to expand into smaller towns and rural areas, making its services accessible to a wider audience and further reducing reliance on traditional public transport. The company is also exploring cross-border expansion into neighboring countries, such as Côte d'Ivoire, Togo, and Burkina Faso, where urbanization is on the rise, and the need for efficient transportation solutions is growing.

The company’s strategy for expansion has been largely successful, thanks to its deep understanding of the local market and consumer behavior. RideGo Ghana has consistently focused on offering value to both passengers and drivers, tailoring its services to the unique needs of each location. This localized approach has allowed the company to integrate smoothly into new cities and regions, quickly becoming a trusted name in urban mobility.

Community Engagement and Corporate Responsibility

RideGo Ghana is committed to making a positive impact in the communities it serves. As part of its community engagement efforts, the company has worked with local organizations and government agencies to promote road safety and urban planning. Through partnerships with NGOs, RideGo Ghana has sponsored various educational campaigns, including road safety awareness programs aimed at reducing accidents in urban areas.

The company has also contributed to several social initiatives, such as providing support to local schools, healthcare facilities, and community centers. RideGo Ghana is particularly focused on promoting youth employment and women’s empowerment in the transportation sector, providing training and career opportunities for underrepresented groups.

Furthermore, the company has developed a comprehensive Corporate Social Responsibility (CSR) strategy that includes reducing its environmental impact. By focusing on the adoption of electric vehicles (EVs) and encouraging ride-sharing to reduce the number of cars on the road, RideGo Ghana is actively working toward making urban transportation more sustainable. This commitment to sustainability is aligned with the company’s long-term goal of reducing its carbon footprint and promoting a greener, cleaner environment.

Operations of RideGo Ghana

RideGo Ghana offers a variety of ride-hailing services that cater to different transportation needs across Ghana. The company aims to provide affordable, reliable, and safe transport options, making it easy for passengers to book rides through its user-friendly mobile application. RideGo Ghana’s service offerings reflect the evolving demands of urban mobility in the country and are designed to accommodate a wide range of passengers.

Ride Options

Service Type	Description
RideGoX (45% of total revenue)	RideGoX is the flagship ride-hailing option, offering affordable rides for passengers who require a single vehicle for themselves or small groups. This service uses economy-class vehicles, providing an efficient solution for daily commutes in urban areas.
RideGoXL (18% of total revenue)	This service is ideal for larger groups or passengers carrying a lot of luggage. RideGoXL offers bigger vehicles, such as SUVs and minivans, providing extra space and comfort for groups of 4 to 6 passengers.
RideGoPool (15% of total revenue)	RideGoPool is the ride-sharing option, where passengers can share a ride with others going in the same direction, reducing costs. This service is ideal for eco-conscious passengers and those looking to save money by splitting fares with fellow commuters.
RideGoBusiness (10% of total revenue)	A service tailored to corporate clients, RideGoBusiness offers scheduled rides for employees or clients attending business meetings and events. This service comes with advanced features such as VIP vehicle options, driver reliability, and enhanced customer service for businesses and corporate clients.

Additional Services

- **Food Delivery with RideGoEats (**6% of total revenue): Building on the success of its ride-hailing platform, RideGo Ghana has introduced RideGoEats, a food delivery service that allows customers to have food delivered from their favorite local restaurants. This service has gained traction in major cities, providing a quick and convenient way to order meals at home, work, or other locations.
- **Package Delivery with RideGoDelivery (**4% of total revenue): RideGo Ghana also offers a parcel and package delivery service, making it easier for individuals and businesses to send and receive parcels within the city. RideGoDelivery allows customers to track their shipments in real-time, ensuring fast and reliable delivery across the country.
- **Earning with RideGo Ghana (**2% of total revenue): For drivers, RideGo Ghana offers flexible work opportunities through its gig economy model. Drivers can work part-time or full-time based on their personal schedules, providing them with the ability to earn income on their terms. With a simple and efficient app interface, drivers can accept or decline rides, track their earnings, and navigate to passenger pick-up points with ease.

New Product Launches

As part of its commitment to adapting to the evolving transportation needs in Ghana, RideGo Ghana (RG) is actively undertaking market intelligence to enhance its offerings and expand its service portfolio. The company is focusing on two new innovative products—RideGoEV and RideGoMoto—which are designed to cater to growing demands for sustainable transport and efficient, affordable travel options. These new services aim to respond directly to the increasing market potential and challenges posed by traditional transportation systems such as motorcycles (Okadas) and tricycles in Ghana.

New Product Launches: RideGoEV and RideGoMoto

Service Type	Description
RideGoEV	RideGo Ghana is expanding its fleet with **RideGoEV**, an electric vehicle (EV) service, aimed at addressing the growing need for eco-friendly transport. With Ghana's increasing focus on sustainability and environmental impact, RideGoEV will offer passengers a greener alternative to traditional gasoline-powered vehicles. This service is designed for environmentally conscious passengers who want to reduce their carbon footprint while enjoying a smooth, quiet, and cost-effective ride. The electric vehicles used in RideGoEV will also help reduce urban pollution, a growing concern in major cities like Accra.
RideGoMoto	In response to the massive popularity of Okadas (motorcycle taxis) and tricycles (Pragia) in Ghana, RideGo Ghana is introducing **RideGoMoto**, a motorcycle-based service designed to provide fast, affordable, and efficient transportation, especially in traffic-prone areas. RideGoMoto will compete directly with traditional Okada operators by offering safer, regulated rides with real-time tracking and increased security for both passengers and drivers. This service will cater to passengers looking for quick rides, particularly for short distances, and will help alleviate traffic congestion in cities. The introduction of RideGoMoto aims to enhance urban mobility, offering a reliable alternative to the unregulated, informal sector.

Strategic Market Intelligence Behind New Offerings

RideGo Ghana's decision to launch these two new products stems from comprehensive market intelligence that identified key shifts in the Ghanaian transportation sector. The rise of electric vehicles (EVs) in global markets and Ghana's growing awareness of climate change have created an opportunity for RideGoEV. Similarly, the continued dominance of motorcycle and tricycle taxis (Okadas and Pragia) in Ghana's informal sector presented a significant market opportunity for RideGoMoto.

RideGoEV is aimed at passengers who want a more sustainable travel option, reflecting global trends toward green mobility. Ghana's Nationally Determined Contributions (NDCs) under the Paris Agreement and various local initiatives promoting sustainability align with RideGo Ghana's strategy to integrate EVs into its fleet, ensuring compliance with environmental goals while offering customers a high-quality, eco-friendly transportation solution.

RideGoMoto will be a direct competitor to the informal Okada and Pragia industry, which has faced minimal regulation. By introducing a formal, safe, and reliable motorcycle-taxi service, RideGo Ghana aims to provide an organized, customer-friendly alternative to the risks associated with the informal transport sector. This service will provide better benefits for both passengers and drivers, such as real-time ride tracking, safety protocols, and regular vehicle inspections.

Integration with RideGo Ghana's Existing Service Portfolio

These two new services—**RideGoEV** and **RideGoMoto**—are being integrated into RideGo Ghana's existing suite of services, including **RideGoX** (standard rides) and **RideGoXL** (larger group rides), to provide a comprehensive transportation solution for a variety of passenger needs. With the introduction of **RideGoEV**, RideGo Ghana is taking a significant step toward sustainability, offering a cleaner and more energy-efficient ride option for customers. **RideGoMoto**, on the other hand, will help the company meet the growing demand for fast and affordable short-distance transportation, ensuring RideGo Ghana stays competitive in the ever-changing market.

Both services will be available through the same RideGo mobile app, allowing passengers to easily choose the service that best meets their needs. The app will feature updated functionalities to accommodate **RideGoMoto** and **RideGoEV**, allowing users to track their rides, make secure payments, and rate drivers, ensuring a seamless customer experience across all service offerings.

Governance Structure of RideGo Ghana

The governance structure of RideGo Ghana (RG) is designed to ensure efficient decision-making, accountability, and operational excellence. As the company expands its operations and diversifies its services, it is essential that the governance structure reflects a balance of strategic oversight and functional management, while also ensuring that day-to-day operations run smoothly. Below is a detailed breakdown of RideGo Ghana's **five-level governance structure**, including the Board of Directors, Functional Management, and Operational Management.

1. Board of Directors

The **Board of Directors** is the highest level of governance at RideGo Ghana. The board is responsible for setting the strategic direction of the company, overseeing its performance, and ensuring that the organization operates in the best interest of shareholders, employees, and customers. The board's composition includes both local and international expertise to provide a diverse perspective on the company's operations and growth in Ghana and the West African market.

Position	**Responsibilities**
Chairperson	Leads the board, ensures good corporate governance, and serves as a liaison between the board and the executive management team. Responsible for setting the agenda for board meetings.
Chief Executive Officer (CEO)	Provides overall leadership for the company, executing the strategic vision set by the board. Reports to the Chairperson and the board. Oversees all day-to-day operations.
Non-Executive Directors	Provide strategic guidance and oversight, ensuring the company remains on course to meet its long-term goals. They bring expertise in finance, technology, operations, and legal matters.
Independent Directors	Offer independent judgment and monitor the company's performance, ensuring transparency and fairness in decision-making.
Chief Financial Officer (CFO)	Manages the company's finances, including financial planning, risk management, and reporting. The CFO reports to the CEO and provides input to the board on financial matters.

Chief Technology Officer (CTO)	Oversees all technological innovations at RideGo Ghana, including the development of the mobile app, data analytics, machine learning systems, and vehicle technology (e.g., EV fleet).
Chief Marketing Officer (CMO)	Responsible for the company’s marketing strategy, brand management, customer acquisition, and market expansion, both in Ghana and across the region.
Legal Advisor	Ensures that RideGo Ghana complies with local regulations and international standards, including labor law, contracts, and the regulatory framework for ride-hailing services.

2. Functional Management

The **Functional Management** team is responsible for overseeing the key departments and ensuring that each function is aligned with the overall goals of the company. This management level handles the implementation of the company’s strategy, ensuring each department is operating efficiently and effectively to drive growth and innovation.

Department	**Head of Department**	**Responsibilities**
Operations	Chief Operations Officer (COO)	Oversees the day-to-day operational activities of RideGo Ghana, ensuring smooth service delivery, managing driver recruitment and onboarding, and optimizing ride allocation.
Technology and Development	Chief Technology Officer (CTO)	Leads the technology department, overseeing the development and maintenance of the mobile app, driver platform, GPS systems, and data analytics tools.
Marketing and Communications	Chief Marketing Officer (CMO)	Responsible for customer acquisition, branding, digital marketing campaigns, PR, and partnerships. Leads customer retention initiatives and market expansion strategies.
Finance and Accounting	Chief Financial Officer (CFO)	Manages financial operations, including budgeting, forecasting, financial reporting, and tax compliance. Oversees financial risk management strategies and investor relations.
Human Resources (HR)	HR Director	Manages recruitment, employee relations, driver training programs, compensation and benefits, and employee retention strategies.
Legal and Compliance	Legal Director	Handles all legal matters related to business operations, contracts, intellectual property, dispute resolution, and regulatory compliance in Ghana and other countries of operation.
Customer Support	Customer Support Manager	Oversees customer service operations, including response management, issue resolution, customer satisfaction tracking, and implementing feedback from passengers and drivers.

Sustainability and Corporate Social Responsibility (CSR)	CSR Manager	Leads initiatives related to environmental sustainability, including the integration of electric vehicles (EVs), ride-sharing programs, and community engagement projects.

3. Operational Management

At the **Operational Management** level, RideGo Ghana focuses on ensuring that the day-to-day operations align with the strategic direction set by the executive team. This includes managing the core activities required to maintain service quality, improve customer satisfaction, and drive growth.

Position	**Responsibilities**
Fleet Manager	Manages the company's vehicle fleet, including maintenance, vehicle leasing, and procurement. Oversees the addition of new vehicles, particularly electric vehicles (EVs).
Driver Relations Manager	Responsible for recruiting, training, and managing driver-partners. Ensures drivers are motivated, meet safety standards, and are satisfied with the rewards programs.
Technology Operations Manager	Ensures the smooth running of the mobile app, driver and passenger platforms, and technology infrastructure. Works with the CTO to implement software updates and troubleshoot issues.
Marketing and Sales Manager	Develops marketing strategies to drive customer acquisition, manages partnerships, and monitors performance. Oversees regional campaigns for expansion and retention.
Customer Support Team	Handles customer inquiries, issues, and complaints. Provides support through various channels (phone, app, social media). Manages customer satisfaction surveys and feedback loops.
Training and Development Manager	Oversees the continuous education and training of drivers, customer service teams, and other operational staff. Focuses on safety, customer service, and technological proficiency.

4. Board-Level Oversight and Strategic Planning

- **Strategic Guidance**: The **Board of Directors** works closely with the executive management team to set the strategic direction of the company, focusing on areas such as market expansion, new product offerings (e.g., RideGoEV and RideGoMoto), and long-term financial goals.
- **Financial Oversight**: The **CFO** works with the **Board of Directors** to ensure financial health, monitor revenue generation, and evaluate potential investment opportunities to support the company's growth.
- **Sustainability Initiatives**: The **Legal Advisor** and **CSR Manager** collaborate with the Board to ensure that sustainability and compliance are integrated into the company's strategy, particularly in the deployment of green technologies like electric vehicles (EVs).

ADDITIONAL INFORMATION

Data Insight

RideGo Ghana: Six-Year Horizontal Analysis

Year	Revenue (USD)	Operating Costs (USD)	Net Profit (USD)	Number of Drivers	Number of Riders	Market Share (%)
Year 1 (2019)	1,000,000	850,000	150,000	1,500	500	10%
Year 2 (2020)	1,500,000	1,100,000	400,000	2,200	900	12%
Year 3 (2021)	2,200,000	1,500,000	700,000	3,600	1,100	15%
Year 4 (2022)	3,000,000	1,800,000	1,200,000	4,000	1,500	18%
Year 5 (2023)	4,200,000	2,200,000	2,000,000	4,000	2,000	22%
Year 6 (2024)	5,500,000	2,700,000	2,800,000	4,100	2,700	22%

RideGo Ghana: Common Size Analysis - 2024

Income Statement	Amount (USD)	Common Size % (as % of Revenue)
Revenue	5,500,000	100%
Cost of Goods Sold (COGS)	1,500,000	27.3%
Gross Profit	4,000,000	72.7%
Operating Expenses	2,000,000	36.4%
Operating Profit (EBIT)	2,000,000	36.4%
Interest Expense	150,000	2.7%
Earnings Before Tax (EBT)	1,850,000	33.6%
Taxes	550,000	10%
Net Profit	1,300,000	23.6%

QUESTION ONE

RideGo Ghana (RideGo) operates in a dynamic environment influenced by political decisions, economic trends, technological change and competitive forces. The company's success will depend on understanding both the broader macro-environment in Ghana and the competitive intensity of the ride-hailing industry. As a basis for strategy formulation, management is reviewing external factors and industry forces that affect RideGo's performance.

Required:

a) Using the **PESTLE framework**, analyze the macro-environmental factors in Ghana that are likely to impact RideGo's operations. Identify at least **TWO** factors that present opportunities and **TWO** that pose threats to RideGo, with brief explanations of their strategic implications. **(10 marks)**

b) Apply **Porter's Five Forces model** to evaluate the competitive forces in Ghana's ride-hailing industry. Discuss how each of the five forces affects RideGo's strategic position. **(10 marks)**

(Total: 20 marks)

QUESTION TWO

RideGo is exploring ways to grow its business amid competitive pressures. Management is considering various strategic directions, including expanding into new markets and introducing new services. Any chosen strategy must be evaluated for its suitability to RideGo's environment, its acceptability to stakeholders and its feasibility given the company's resources. The board has asked for an analysis of growth options and a recommendation on the way forward.

Required:

a) Using **Ansoff's Product–Market Growth Matrix**, identify and describe **TWO distinct growth strategies** that RideGo could pursue. Each chosen strategy should fall into a different category of Ansoff's matrix. Explain what each strategy entails in the context of RideGo and discuss the potential benefits and risks associated with it. **(10 marks)**

b) From the case study, evaluate and advise RideGo on their business and competitive strategy using **Bowman Strategic Clock.** **(10 marks)**

(Total: 20 marks)

QUESTION THREE

a) As RideGo's strategies are developed, attention turns to effective implementation. The company must align its structure, systems and culture with its strategic goals to ensure successful execution. Management is also interested in tracking performance and ensuring that strategic objectives translate into measurable results. Two frameworks are being considered: The McKinsey 7S model for organizational alignment, and the Balanced Scorecard for performance measurement.

   Required:
   Explain how RideGo can apply the **McKinsey 7S framework** to improve alignment between its strategy and internal organization. Select **THREE** of the "S" components and for each, discuss what changes or considerations might be needed to support RideGo's strategic initiatives (for example, if RideGo is expanding to new cities or launching a new service, how should its **Structure** or **Systems** adjust?). **(10 marks)**

b) As a Finance Manager, you have been contacted to give advice on the ethical, scope and direction of RideGo's strategies.

   Required:
   Write a report under the following broad themes; **Professional scepticism and judgement, Business ethics, Monitoring performance, Direction and Scope.** **(10 marks)**

(Total: 20 marks)

QUESTION FOUR

a) RideGo's strategic plans must be supported by sound financial management. As a growing company, RideGo faces the challenge of balancing growth with profitability, and ensuring it has sufficient funding to execute its strategy. The board is reviewing the company's financial objectives and exploring financing options for expansion (such as raising capital or borrowing). Management needs to articulate clear financial goals and recommend suitable financial strategies that align with RideGo's overall objectives.

   Required:
   Identify and discuss **TWO key financial objectives** that RideGo should prioritize over the next three years. Explain why each objective is important given RideGo's business context and growth ambitions. (Examples of financial objectives could include achieving a certain profit margin, revenue growth rate, breakeven point, controlling operating costs, improving return on investment, or ensuring liquidity.) **(10 marks)**

b) RideGo is considering ways to raise additional funds to support its strategic expansion (for example, developing new app features or entering new markets).

   Required:
   Evaluate **TWO potential financing strategies** available to RideGo – for instance, **issuing new equity** (bringing in new investors/shareholders) versus **taking on a long-term bank loan (debt financing)**. For each option, discuss the advantages and disadvantages,

including the impact on RideGo's financial position and on stakeholders such as the existing shareholders, and the company's financial risk profile. Conclude with a recommendation on which financing option might be more appropriate for RideGo at its current stage. **(10 marks)**

(Total: 20 marks)

QUESTION FIVE

As RideGo grows and possibly brings in new investors or partners, it must strengthen its corporate governance practices. Good governance will ensure accountability, fairness and transparency in how the company is run, which is especially important in maintaining trust among stakeholders (drivers, customers, regulators and shareholders). The board of RideGo is reviewing its governance structure, including the composition and roles of the board and how the company engages with key stakeholders.

Required:

a) Discuss **TWO major corporate governance challenges** that RideGo might face as it expands. For each challenge, explain why it is significant to RideGo's sustained success and stakeholder trust. (Examples could include: ensuring a proper balance of power and independent oversight on the Board of Directors; maintaining ethical standards and compliance as the company scales; managing conflicts of interest, especially if government or other strategic partners are involved; or protecting stakeholder interests such as those of drivers and customers.) **(8 marks)**

b) Recommend **THREE measures or best practices** RideGo should implement to strengthen its corporate governance and align with recognized good governance principles. Your recommendations should address aspects such as board structure/composition, leadership roles, transparency, and stakeholder engagement. Provide a brief rationale for each recommendation (i.e., how it will improve governance or mitigate the challenges identified in part a). **(12 marks)**

(Total: 20 marks)

SUGGESTED SOLUTION

QUESTION ONE

a) **PESTLE Analysis – Ghana Macro-Environment (Opportunities & Threats):**
RideGo must consider Political, Economic, Social, Technological, Legal, and Environmental factors in Ghana. Key factors include:

- **Political:** The Ghanaian government's support for local tech startups and digital services is an opportunity. For example, initiatives by government (possibly partnering with the Ghana Private Road Transport Union) to promote home-grown ride-hailing apps can provide RideGo with favorable policies or funding. However, any sudden changes in transport regulations or political instability pose a threat – e.g. new taxi licensing laws could increase compliance costs for RideGo.

- **Economic:** Ghana's growing middle class and urbanization offer an opportunity as more people can afford ride-hailing services. Steady GDP growth and high mobile money usage mean more customers with spending power and cashless payment readiness. Conversely, economic threats include currency instability or inflation (which can raise operating costs like fuel/vehicle prices) and high unemployment (leading to excessive driver supply, potentially lowering fare prices or driver earnings).

- **Social:** High urban population density in cities like Accra and Kumasi creates demand for convenient transport – an opportunity for RideGo to solve congestion and commuting issues. Widespread smartphone adoption among the youth and increasing trust in online services also favor RideGo's user growth. On the threat side, there may be public concerns about safety and security in ride-hailing. Any negative incidents (driver misconduct or accidents) could quickly erode public trust. Additionally, traditional taxi driver unions may socially campaign against ride-hailing, affecting RideGo's reputation or leading to protests.

- **Technological:** Ghana's telecommunication infrastructure improvements (e.g. expanding 4G/5G networks) and the ubiquity of mobile payment systems (like MTN Mobile Money) are opportunities that make RideGo's app-based platform viable nationwide. The company can leverage these technologies to enhance user experience (cashless payments, real-time maps, etc.). A potential technological threat is the fast pace of innovation – if RideGo fails to keep its app and algorithms as advanced as competitors (e.g. Uber's technology), it may lose tech-savvy customers. Cybersecurity is also a concern; any data breach could damage RideGo's credibility.

- **Legal:** Current transport regulations in Ghana for ride-hailing are still evolving. An opportunity is that relatively lenient regulations in a developing market can allow RideGo to grow without heavy compliance burdens initially. However, future legal threats include stricter ride-hailing laws, such as mandatory registration of drivers, insurance requirements, or local content rules. Compliance with emerging laws (e.g. data protection acts, labor laws for gig workers) could increase operating costs.

  *(Each well-explained PESTLE factor earns up to **2½ marks**. Award marks for four relevant factors – two opportunities and two threats – with application to RideGo's context up to a maximum of **10 marks**)*

b) **Porter's Five Forces – Industry Competitive Forces:**
In Ghana's ride-hailing industry, the five forces determine profitability and attractiveness for RideGo:

Threat of New Entrants:
Moderate. The ride-hailing market has some entry barriers but not insurmountable ones. On one hand, developing a reliable app platform and achieving a network of drivers and riders requires capital and technology know-how, which can deter small new entrants. RideGo, as a local player, already has an app and user base, giving it a head-start. On the other hand, there is the possibility of new entrants such as international services (e.g. a new foreign app) or local initiatives (perhaps telecom companies offering taxi-hailing). Because switching costs for customers and drivers are low (they can easily install a new app), a newcomer with sufficient incentives could enter. RideGo faces the ongoing threat that well-funded entrants (or expansion of regional competitors) could quickly scale up and steal market share. To defend against this, RideGo needs to build strong brand loyalty and partnerships (e.g. exclusive deals with driver unions or corporate clients).

Threat of Substitutes:
High. Customers have alternative ways to meet their transportation needs. Traditional **substitutes** include using personal cars, regular taxis hailed on the street, public minibuses ("trotros"), or other emerging options like carpooling or motorbike taxis. These alternatives often come at lower cost (public transport) or greater convenience in certain areas (e.g. picking a taxi at a taxi rank can be quicker than app wait times in some districts). For certain customer segments, especially price-sensitive commuters, these substitutes limit how much RideGo can raise fares. Additionally, some urban residents might substitute rides with walking or biking for short distances if traffic is bad. The presence of many substitute options forces RideGo to continuously improve its value proposition – for example, ensuring rides are safe, clean, and reasonably priced – to keep customers choosing the app over other transport modes.

Bargaining Power of Customers (Riders):
High. Riders have significant power in this industry because they can easily switch between ride-hailing apps (Uber, Bolt, Yango, etc.) to find cheaper fares or better service. Price transparency (apps show fare estimates upfront) means customers often choose the cheapest or fastest option available. With multiple apps in Ghana, if RideGo's prices are slightly higher or wait times longer, riders can simply use a competitor's service with a few taps. Moreover, riders can influence brand reputation through ratings and social media. A series of poor customer reviews can quickly damage RideGo's image. To mitigate customer power, RideGo must focus on customer loyalty programs, superior customer service, and unique features (e.g. local language support or mobile money integration) that differentiate its service. Nonetheless, overall, the ease of switching and multiple alternatives give riders strong bargaining leverage, pressuring RideGo to keep fares low and quality high.

Bargaining Power of Drivers (Suppliers):
Moderate. Drivers are a crucial supply side for RideGo – without enough drivers, riders won't get timely service. Each driver effectively "supplies" transportation capacity. Drivers in Ghana often multi-home (register on multiple platforms) to maximize their income, which increases their bargaining power: they can choose to drive for the platform that offers better commissions or incentives. If RideGo sets its commission fee too high (reducing driver earnings) or treats drivers poorly, drivers might shift more time to other apps like

Bolt or Uber. Organized driver groups (or taxi unions if RideGo works with them) can lobby for better terms. However, driver power is moderated by the fact that many Ghanaians see ride-sharing as an income opportunity, meaning there is a large pool of potential drivers. In times of high unemployment, RideGo might easily recruit new drivers, which lowers individual drivers' power. Still, skilled, well-rated drivers are valuable and not perfectly replaceable. RideGo has to maintain competitive payout rates, offer incentives (bonuses, insurance packages), and maintain a good driver app experience to retain drivers. Overall, drivers' bargaining power is neither extremely high nor negligible – RideGo must balance keeping drivers satisfied with its own need to take commission revenue.

Competitive Rivalry:

High. The ride-hailing industry in Ghana is already competitive and rivalry is intense. RideGo faces direct competition from established international players like **Uber** and **Bolt**, which have strong brand recognition and financial backing. These rivals engage in aggressive tactics such as fare discounts, promo codes, and driver sign-on bonuses to capture market share. In response, RideGo likely has to match promotions, which cuts into margins. The nature of the market (two-sided platform) means a fight for both riders and drivers – if one platform offers better earnings, drivers flock there, improving its service level for riders, and vice versa, creating a feedback loop. Market growth in Ghana is promising, which somewhat lessens the sting of rivalry (as there are new customers to acquire without directly stealing from competitors), but in major cities the fight for dominance is fierce. Differentiation among ride-hailing services is limited – price and reliability are key, and apps offer similar features. This lack of strong differentiation and low switching cost fuels rivalry. RideGo's local origin could be an advantage if it leverages local partnerships or patriotism (some Ghanaian riders might prefer a homegrown app if service is equal). Nonetheless, to survive, RideGo must continuously strategize against rivals: for example, by focusing on niches or superior local customer service, and by innovating faster in features tailored to Ghana (like integrating local payment methods better than competitors). High rivalry can squeeze RideGo's profits and demands constant strategic attention.

*(**Each** of the **five** forces well analyzed earns up to **2 marks**. Credit insightful application to RideGo Ghana's context under each force. Maximum **10 marks** for a full five-forces analysis)*

(Total: 20 marks)

EXAMINER'S COMMENTS

Question 1 (a) required candidates to use the **PESTLE framework** to analyse the macro-environmental factors in Ghana that are likely to impact RideGo's operations. The performance of the candidates was good. The only challenge here was the fact that instead applying PESTLE to the facts in the case study, some candidates answered the question with reference to extraneous materials concerning Ghana.

Sub-question 1 (b) examined **Porter's Five Forces model** which is a well-known model in SCS. It was answered by most students who earned above average marks available. However, candidates generally failed to apply the model to the facts before them and the advice for future candidates is for them to restrict themselves to the facts of the case study.

QUESTION TWO

a) **Ansoff Matrix – Two Growth Strategies for RideGo:**
RideGo can consider several growth paths. Two feasible options in different Ansoff categories are:

1) **Market Development–Geographic Expansion to Other Cities/Countries:**
Strategy: This involves taking RideGo's existing ride-hailing service into new markets. For example, RideGo could launch operations beyond Accra into other major Ghanaian cities like Kumasi, Takoradi, and Tamale. Beyond national expansion, RideGo might even consider entering a nearby West African country where ride-hailing is under-served. This is a market development strategy (current product/service in new markets).
Benefits: It can increase RideGo's customer base and revenues by tapping unmet demand in new regions. Being first to offer a well-supported local app in secondary cities could establish RideGo as the dominant player there (before Uber/Bolt fully penetrate those areas). Geographic diversification also spreads business risk – if one city's operations face issues (regulatory or competitive), others can compensate.
Risks: Expansion costs are significant – RideGo will need marketing campaigns to attract riders and drivers in new areas, and possibly adapt the service to local conditions (e.g. different languages or payment habits). If expanding internationally, the company faces unfamiliar regulatory environments and cultural differences (for instance, what worked in Ghana may need changes in Nigeria or Côte d'Ivoire). Additionally, Uber or other competitors might retaliate by intensifying their own expansion or promotional offers, leading to a costly battle in new markets. There's a risk that growth could outpace RideGo's ability to manage quality, leading to service issues if not carefully executed.

2) **Product/Service Development – Introducing a New Service (e.g. Parcel Delivery):**
Strategy: This entails developing and offering a new service to RideGo's existing Ghanaian customer base. For example, RideGo could launch a **parcel delivery or courier service** using its driver network during off-peak passenger hours. Alternatively, RideGo might introduce a subscription-based ride plan for frequent commuters or add features like ride-sharing pools or a "RideGo Food" delivery service. This is a **product (or service) development** strategy (new product to current market).
Benefits: A new service like parcel delivery leverages RideGo's existing platform and drivers to generate additional revenue streams. It can increase drivers' earnings (by providing them delivery gigs when passenger demand is low) and attract a new customer segment (individuals and small businesses needing same-day delivery). This diversification within the local market strengthens RideGo's brand as a multi-service platform, potentially increasing customer loyalty (one app for multiple needs). If successful, this strategy could differentiate RideGo from competitors that focus only on passenger transport.
Risks: Developing a new service requires investment in app features (e.g. adding a delivery request interface), training drivers for handling packages, and ensuring service quality (safe and on-time deliveries). There may be operational complexities – for instance, handling lost or damaged goods claims if doing parcel delivery. RideGo might face new competitors in the delivery space (established courier companies or startups specializing in logistics). Additionally, if RideGo diverts too many resources to the new service, its core ride-hailing service might suffer (drivers may prefer delivery if it pays more, leaving fewer drivers for passengers during peak times). The strategy must be managed so that it complements rather than cannibalizes the core business.

(Each strategy well explained with context, benefits, and risks earns up to 5 marks (1 mark for context, 2 marks each for benefits and risks respectively). The two strategies should be from different Ansoff categories for full credit. Other plausible growth strategies – such as deeper ***market penetration*** *in current cities or a* ***diversification*** *like entering a related business – should be credited if explained.* ***Max 10 marks****.)*

b) **Evaluation of RideGo's Strategy Using Bowman's Strategic Clock**

- **Current Position (Hybrid Strategy):** RideGo appears to pursue a **hybrid strategy** (Bowman's Clock Position 3), offering relatively low fares *and* reasonable service quality to deliver high customer value. This is evidenced by its focus on **affordable** rides and a **customer-centric approach** (quality service) while matching rivals' promotions – a necessary approach in a price-sensitive market with little product differentiation.

- **Rationale – Competing on Price and Value:** In Ghana's ride-hailing industry, **price and reliability are key competitive factors**, and global rivals like Uber and Bolt use aggressive price discounts and promos. RideGo's hybrid position provides a **competitive price** to attract cost-conscious riders, but also differentiates through local features (e.g. mobile money integration, local driver network) and reliable service. This avoids the **"low value/low price" trap** (Position 1) by ensuring customers get adequate service for the low price, thus building loyalty on value rather than price alone.

- **Avoiding Unsustainable Strategies:** A pure **low-price (cost leadership) strategy** (Bowman Position 2) is largely unsustainable for RideGo because deep-pocketed competitors can engage in **price wars** and out-subsidize a smaller local player. Conversely, a **high-price differentiation** approach (Positions 5/6) would fail, as Ghanaian riders have low switching costs and would abandon RideGo if prices exceed the perceived value. Thus, RideGo must avoid the **"stuck in the middle"** scenario (charging higher without superior value) which would erode its market share.

- **Leverage Localized Differentiation:** Going forward, RideGo should strengthen a **differentiation focus at a competitive price** – essentially staying in the **Hybrid/Differentiation zone (Positions 3–4)** on Bowman's clock. This means investing in unique local value propositions (e.g. superior local customer service, partnerships with local businesses, features tailored to Ghanaian needs) that set RideGo apart from Uber/Bolt, while **keeping fares affordable**. By increasing perceived value (safety, service quality, local trust) **without raising prices**, RideGo can escape a pure price war and build a loyal user base on factors other than just cost.

- **Recommended Strategic Clock Position: Bowman's Clock Position 3 (Hybrid)** is the advised positioning for RideGo's future. This yields **high customer value at low-to-moderate price**, aligning with RideGo's mission of affordable, accessible transport and countering rival tactics. A hybrid strategy is flexible – RideGo can nudge toward **differentiation (Position 4)** as its capabilities grow (e.g. exclusive features or superior driver quality) but should remain price-competitive. This balanced position should improve market share and profitability by offering a **better cost–benefit ratio** than competitors, rather than trying to undercut on price alone or charging premium for undifferentiated services.

*(each well explained point is 2 marks = 2x4 = 8. Recommendation is 2 marks making **10 marks**)*

(Total: 20 marks)

EXAMINER'S COMMENTS

Candidates were tested on two models, **Ansoff's Product–Market Growth Matrix** and **Bowman Strategic Clock**. The performance was fairly good and above average with candidates failing to apply the two models to the case.

Question 2 (a) required candidates to use **Ansoff's Product–Market Growth Matrix** to identify and describe **TWO** distinct growth strategies that RideGo could pursue. The strategies in question are **market development strategy** and **product development strategy**. Many candidates were not sure of the specific strategies being tested; hence, majority of the candidates simply discussed all the four strategies in Ansoff Matrix thereby wasting precious time for no marks. The candidates' performance was good because the model is a familiar one.

Candidates were required to evaluate and advise RideGo on their business and competitive strategy using **Bowman Strategic Clock** in Question 2 (b). The correct current strategy being pursued by RideGo is **hybrid strategy** (Position 3 on Bowman's Strategy Clock). The company could also adopt **differentiation** (Position 4 on the Strategy Clock) to remain competitive. Therefore, candidates were to discuss these two strategies out of the five workable strategies on Bowman Strategic Clock. Majority of candidates discussed all the five possible strategies, some which clearly did not apply to RideGo, for example **No Frills Strategy** (Position 1 on the Strategy Clock), thereby wasting time on answers that fetched no marks.

QUESTION THREE

a) **Aligning Organization with Strategy using McKinsey 7S:**
RideGo can use the 7S model to ensure that its internal environment is properly aligned to execute its strategy (such as scaling up operations or improving service quality). Three key "S" areas to focus on are:

- **Structure:** RideGo's *organizational structure* may need to evolve as it grows. Currently, as a startup, it might have a flat structure. If the strategy is to expand into new cities, RideGo should consider a **geographic organizational structure** – e.g., establishing city-level management teams. Each city or region could have a local manager responsible for operations, reporting to a central head office. This ensures clear authority and faster decision-making in each market. Additionally, as the company launches new services (like delivery), it might introduce new divisions or a product management structure to handle those services. Aligning structure with strategy might also involve creating specific departments – for instance, a dedicated **Driver Relations department** to focus on driver recruitment and retention if scaling up requires thousands of drivers. The key is that the structure (who reports to whom, how teams are organized) supports execution: a more formal structure with defined roles might replace an ad-hoc setup once RideGo is larger, to avoid chaos as staff count increases. Ensuring **flexibility** is still important; RideGo might adopt a semi-formal structure that encourages communication between tech teams, customer service, and city teams so that strategic initiatives (like a new app feature rollout) are coordinated across the whole company.

- **Systems:** These are the *processes and routines* that drive day-to-day operations. RideGo will need robust systems in place to implement strategy effectively. For example, if RideGo's strategy emphasizes excellent customer experience, it should implement a **customer service system** – such as a 24/7 helpdesk, quick issue resolution process, and rider feedback loop – to systematically handle customer inquiries and complaints. If expanding, **training systems** for new drivers must be standardized (perhaps an online onboarding module and driving best-practice workshops) to maintain service quality across all locations. Additionally, internal IT systems need to scale: the dispatch and matching system (which allocates drivers to ride requests) should be upgraded to handle higher volume; there should be backup servers and a reliable IT infrastructure (with monitoring systems to detect app downtimes). Financial and accounting systems might also need strengthening to manage more complex transactions (e.g., automated driver payments and revenue tracking per city). By updating its performance management system (e.g., using the Balanced Scorecard metrics company-wide), RideGo can align employee incentives with strategic targets. In summary, formal and efficient systems (both technological and procedural) are crucial so that strategy isn't derailed by operational inefficiencies.
- **Shared Values (Superordinate Goals):** *Shared values* are the core principles and culture that define how the company operates – essentially, its corporate culture. RideGo's leadership should cultivate values that support its strategy. For instance, if RideGo's strategy hinges on **customer-centricity and safety**, those should be emphasized as core values. This might involve internal campaigns or rituals that reinforce "we put the customer first" and "safety above all." If innovation and agility are important (which they are in a tech-driven company), management should encourage a culture where employees proactively suggest improvements and adapt quickly – e.g., holding regular innovation meetings or hackathons for the tech team to align with the value of continuous improvement. As the company grows, maintaining an **ethical culture** is part of shared values too – ensuring that all staff understand the importance of honest dealings,

transparency, and treating drivers and riders with respect. For instance, RideGo might adopt a value like "Empower Drivers" to signal that supporting their driver-partners is a central belief – guiding decisions like fair commission rates or providing welfare programs for drivers. By clearly defining and communicating these shared values, RideGo ensures that even as new employees join or new offices open, everyone is guided by the same principles, thereby aligning everyday behaviors with the strategic mission.

(Each of the three chosen S's: up to 3–4 marks for explaining needed changes/alignments. The answer should tie each S back to RideGo's strategic context – expansion, new service, quality improvement, etc. Other S components like Skills, Staff, Style can earn marks if discussed well. ***Max 10 marks)***

b) **Advice on Ethical, Scope, and Direction Aspects of RideGo's Strategy**
As Finance Manager, address the strategic considerations under the requested report headings:

REPORT

To: RideGo Ghana
From: Finance Manager
Date: 11th July 2025
Subject: Advice on the Ethical, Scope and Direction of RideGo's Strategies.

Professional Scepticism and Judgement:

- **Critical Evaluation of Strategy:** Apply **professional scepticism** in all strategic evaluations – challenge optimistic forecasts and question assumptions behind new projects or expansion plans. For example, rigorously assess ridership projections or cost estimates for expansion to ensure they are realistic. This approach ensures that decisions are based on evidence and sound judgement, not overly optimistic bias, thereby protecting RideGo from pursuing strategies that might endanger financial stability.

- **Independent Oversight:** Encourage strong **governance and independent review** of strategic decisions. This could include involving non-executive directors or an audit/risk committee to objectively review major proposals and risk assessments. Independent oversight reinforces scepticism and helps catch any management over-confidence or flawed judgements early, ensuring strategies undergo proper scrutiny before commitment.

Business Ethics

- **Ethical Culture and Policies:** Instill a robust **ethical culture** at RideGo, led by a clear **"tone at the top."** Management and the board should emphasize integrity in growth: no cutting corners such as neglecting driver background checks or misusing customer data. Adopting a formal **Code of Ethics/Conduct (covering anti-corruption, safety, fair treatment of drivers and riders) and providing training will guide employees and driver-partners in making ethical decisions daily.**

- **Stakeholder Fairness and Compliance:** Ensure RideGo's strategy treats **stakeholders fairly** and complies with regulations. This means fair pay and conditions for drivers (avoiding exploitation), strict rider safety standards, and compliance with local transport and data privacy laws. For instance, if expanding services, verify all licensing requirements are met rather than bypassed. By prioritizing **business ethics**, RideGo protects its reputation and builds public trust – critical for long-term success in the community it serves.

Monitoring Performance

- **Set Clear KPIs Aligned to Strategy:** Implement a rigorous **performance monitoring system** (e.g. Balanced Scorecard) to track how well strategic objectives are being met. Define key performance indicators across financial goals (e.g. profit margin, revenue growth), customer outcomes (e.g. rider satisfaction ratings, repeat usage), internal processes (e.g. ride dispatch times, driver availability), and innovation/learning (e.g. new features introduced). These metrics should be communicated to all departments so the whole organization focuses on executing the strategy.

- **Regular Review and Control:** As Finance Manager, regularly review these KPIs and **analyze variances** from targets. If, for example, ride fulfillment rate drops or customer ratings decline, investigate causes and prompt corrective action (such as adding drivers in busy areas or fixing app issues). Continual monitoring and feedback loops will ensure RideGo's strategic initiatives are on track and allow management to respond quickly to any performance shortfalls, thereby safeguarding strategic objectives.

Direction and Scope

- **Clear Strategic Direction:** Define and communicate RideGo's **strategic direction** (long-term vision and mission) so that all stakeholders understand the company's purpose and goals. RideGo's mission of providing innovative, affordable mobility in Ghana should remain the north star guiding decisions. Management must ensure that any new strategic initiative – whether expanding service offerings or entering new markets – aligns with this core vision, maintaining a coherent direction for the company.

- **Strategic Scope Decisions:** Carefully consider the **scope** of RideGo's growth (which services and geographies to pursue). Any expansion in scope – for example, moving beyond Accra into other cities or even neighboring countries – should be evaluated for strategic fit and resource capability. It's advisable to pursue growth opportunities that leverage RideGo's strengths (such as local market knowledge and tech platform) while avoiding spreading the business too thin. Likewise, if considering new services (e.g. parcel delivery or food delivery), ensure these diversify the offering in a controlled manner consistent with RideGo's competencies and brand. By clearly defining what businesses and markets RideGo will (and will not) compete in, leadership can focus resources on the most promising areas and provide a stable strategic direction that investors and employees can rally behind.

Conclusion

Above discussion is submitted for the company's consideration and subsequent action.

*(2 marks for report format, 2 marks per point = 2 x 4 = **10 marks**)*

(Total: 20 marks)

EXAMINER'S COMMENTS

Question 3 (a) required candidates to explain how RideGo can apply the **McKinsey 7S framework** to improve alignment between its strategy and internal organization by selecting **THREE** of the "S" components and for each, discussing what changes or considerations might be needed to support RideGo's strategic initiatives. Once again, majority of the candidates, instead of limiting themselves to the three components out of seven, discussed all the seven components resulting in wasting time for no extra marks. The performance was above average for candidates who attempted the sub-question.

In Question 3 (b), candidates were required to write a report under the following broad themes; **Professional scepticism and judgement, Business ethics, Monitoring performance, Direction and Scope** for 10 marks. Mixed performance from candidates even though each of the themes was a well know concept. Candidates struggled to address **monitoring of performance** and **direction and scope** perhaps due to lack of knowledge as to what each of the concepts meant. What candidates must remember is that at the heart of performance monitoring is the use of key performance indicators (KPIs), hence they were required to discuss how KPIs could be used to assess performance. On the other hand, direction deals with the company's purpose - vision, mission, goals and objectives, which candidates should have addressed while scope examines the growth and expansion of the company regarding its activities.

QUESTION FOUR

a) **Key Financial Objectives for RideGo:**

- **Achieve Sustainable Profitability (Breakeven and Positive Profit Margin):** One crucial objective is for RideGo to move from a growth-phase loss or break-even into sustained profitability. Specifically, management might set a target to **breakeven by the end of next year and reach a net profit margin of, say, 10% by year 3**. This objective is vital because RideGo, like many startups, may be operating at a loss initially due to heavy investments (marketing, driver incentives, tech development). Achieving profitability indicates the business model is viable long-term without constant external funding. It will reassure investors that RideGo can eventually generate returns. Focusing on profit margin also encourages cost control – for example, optimizing operational costs (server costs, customer support overhead) and improving unit economics (making sure each ride is contributing to profit once scale is achieved). In the context of intense competition with Uber and Bolt, being profitable means RideGo can survive pricing wars longer and self-fund its initiatives. It also ties into strategy: if one of RideGo's strategic goals is sustainability and independence, having a healthy profit margin enables reinvestment into new features or market expansion. Thus, tracking the timeline to breakeven and then improving margins is a top financial priority for stability and growth.

- **Grow Revenue and Market Share Aggressively (Sales/Revenue Growth Rate):** Another key financial objective is to **increase RideGo's revenues at a high annual growth rate** (for example, targeting **30% year-on-year growth in gross ride bookings or revenue**). In the ride-hailing sector, scale is critical – the more rides booked through RideGo, the more commission revenue it earns and the more entrenched its network becomes. This objective aligns with RideGo's strategic ambition to expand its customer base and presence in Ghana (and perhaps regionally). It's important because high revenue growth indicates successful user acquisition and market penetration, which in turn can attract further investment (investors often value tech startups based on growth). To achieve this, RideGo may need to invest in marketing and possibly accept lower short-term profits (as indicated above) – hence balancing this objective with profitability is a challenge. However, without strong revenue growth, RideGo risks being overtaken by competitors. In setting this objective, the company might break it down by quarter or by city (e.g., grow rides in Accra by X%, launch in two new cities contributing Y revenue). The growth objective is also a signal to stakeholders that RideGo is expanding its footprint – vital for brand recognition and achieving economies of scale. In summary, **accelerating top-line growth** is a key financial goal that supports strategic dominance in the market, ensuring that RideGo does not remain a small niche player but becomes one of the leading ride-hailing services in Ghana.

*(Each objective discussion earns **5 marks** * 2 = **10 marks**. Award marks for clearly stating the objective and providing a justification linked to RideGo's situation. Other valid objectives could be mentioned, such as ensuring sufficient cash flow or improving ROI for investors; marks should be given for any objective that is logical for RideGo, with a solid explanation.)*

b) **Financing Options for Expansion – Equity vs Debt:**
RideGo needs substantial funds to finance strategic projects (like technology upgrades or expansion into new markets). Two primary financing avenues are: bringing in new equity investors or borrowing via a long-term loan. An evaluation of each:

Issuing New Equity (Selling a Stake to Investors):
Advantages:

- **No mandatory repayments:** Equity financing provides cash without immediate repayment obligations. This is beneficial for RideGo because it might not have significant free cash flows in the growth stage to service debt regularly. With equity, the funds can be used to fuel expansion (marketing, hiring developers, etc.) without the pressure of monthly interest payments.
- **Shared Risk:** New investors (e.g. a venture capital firm or strategic partner) share the business risk. If the expansion doesn't yield quick returns, RideGo isn't faced with insolvency – the investors bear the loss in value, not a bank demanding its money. This makes aggressive strategies less risky for the company's survival.
- **Potential value beyond money:** Equity investors often bring additional benefits like industry expertise, networking opportunities, or credibility. For instance, if RideGo secures funding from a large tech investor or a telecom company, it could also gain mentorship or partnership deals (like integration with the investor's services) which help the business grow.

Disadvantages:

- **Dilution of Ownership:** The founder and existing shareholders' ownership percentage will decrease. For example, if RideGo sells a 20% equity stake to new investors, the founder's control and decision-making power might be reduced. This could lead to conflicts if new shareholders demand strategic changes or quicker returns. For a company proud of being locally owned, bringing in foreign investors might also raise concerns about mission drift.
- **Profit Sharing:** In the long run, equity is expensive if the company succeeds – investors will take a share of profits (via dividends) or share value. If RideGo becomes very profitable, those new shareholders get a portion of the wealth created (which the original owners might otherwise have kept). Essentially, the cost of equity can be higher than debt if the company's valuation soars.
- **Expectations and control:** Equity investors, especially venture capitalists, typically expect high growth and an eventual exit (like an IPO or sale). They may push RideGo to pursue strategies for fast scaling or cost cutting that align with their return timeline, which might clash with management's longer-term view or values (like focus on local community). Also, new equity might mean adding board members from the investors who will have a say in company governance. RideGo must be ready for that increased scrutiny and shared control.

Long-term Debt (Bank Loan or Corporate Loan):

Advantages:

- **Retention of Ownership:** With debt, current owners do not give up any control or equity stake. RideGo's founder and existing shareholders retain full ownership and decision-making power. This is appealing if maintaining local control or the founder's vision is a priority.
- **Potentially Lower Cost (if manageable):** In Ghana's market, interest rates can be high, but if RideGo secures a loan at a reasonable fixed rate and successfully uses the funds to grow, the cost of interest might be less than the value of equity given up in an alternative scenario. Also, interest payments on debt are often tax-deductible (if RideGo were profitable, this provides a tax shield), effectively reducing the net cost of debt financing.
- **Flexibility in Use of Funds:** As long as RideGo meets the loan covenants, it can use the loan for any purpose (expansion, development) without needing investor approval for each action. There's no dilution, so strategic decisions remain with management (aside from any conditions lender imposes).

  The relationship with a bank is straightforward compared to answering to multiple investors.

Disadvantages:

- **Financial Risk and Repayment Pressure:** Debt adds a fixed obligation – RideGo must pay interest regularly (and principal eventually) regardless of how its business is performing. If the expansion fails to boost revenue quickly or if there's a downturn (say ride-hailing demand drops or competition forces lower prices), RideGo could struggle to meet interest payments. This raises the risk of default or bankruptcy. As a young company, having significant debt could be very dangerous, potentially leading to insolvency if cash flows don't materialize as expected.
- **Collateral and Covenants:** Banks might require collateral for a large loan. RideGo may not have many tangible assets (as a tech platform, assets are mostly the software and maybe some cash reserves). The founder might even have to pledge personal assets or the company's intellectual property, putting them at risk. Additionally, loans often come with covenants (financial conditions like maintaining certain liquidity ratios or limits on taking additional debt). These restrictions could constrain RideGo's flexibility – for instance, a covenant might restrict further borrowing or require lender approval for certain investments, hampering agile strategic moves.
- **High Interest Costs:** Given Ghana's interest rate environment (often relatively high rates for business loans, as indicated by rates >15% in many cases), the interest burden could be heavy. Servicing a large loan might consume a big portion of RideGo's operating cash flow, leaving less to invest in operations or marketing. If interest rates are variable, there's also a risk they could rise, increasing the burden. This could slow down RideGo's growth if more cash goes to debt service rather than expansion activities.

Recommendation:

Considering RideGo's current stage as a growing tech company, **issuing new equity** might be the more suitable option. The primary reason is that RideGo likely does not have stable cash flows yet to comfortably service debt. Equity financing provides the growth capital without immediate financial strain, allowing management to focus on building the business. It also brings in partners who might add strategic value (expertise or connections). The dilution is a trade-off, but if RideGo chooses investors aligned with its mission (for example, local institutional investors or global tech partners who respect the founder's vision), the negative impact on control can be mitigated. On the other hand, taking a large bank loan at this stage could put RideGo in a precarious position; a few bad months or aggressive moves by competitors could impair its ability to repay, potentially sinking the company. That said, a smaller amount of debt could still be part of the financing mix (a moderate loan to supplement funding, if accessible at good rates), but for a major expansion war-chest, equity seems wiser. Ultimately, RideGo should possibly pursue a **balanced financing strategy** – raise equity for most of the needs to keep debt low, and use debt only sparingly for specific asset investments – but if forced to choose one route for significant funding, new equity investment is recommended for its lower risk profile and added strategic benefits.

(Each financing option analysis is worth ***5 marks * 2 = 10 marks –*** *1 mark each for any 2 points under merits and demerits for each financing option . Award marks for clearly discussing pros and cons of equity vs debt in context. The recommendation should be consistent with the evaluation. Full marks require consideration of stakeholder impact: e.g., founder's dilution vs financial risk.)*

(Total: 20 marks)

EXAMINER'S COMMENTS

This question focused on the financial management aspect of the syllabus. Candidates were tested on financial objectives (Question 4(a)) and sources of long-term financing (Question 4(b)), equity and debt. There were no calculations involved per the requirements, yet candidates magically contrived some calculations which completely defied logic. Candidates who managed to see the requirement for any calculations, although there was none, only wasted precious time. Although performance on the part of some candidates was very good, others performed rather abysmally which is so shocking. For instance, some candidates struggled or rather laboured in providing advantages and disadvantages of equity and debt respectively as sources of long-term capital.

.

QUESTION FIVE

a) **Corporate Governance Challenges for RideGo:**

- **Ensuring Board Independence and Effective Oversight:** As RideGo grows and possibly takes on new investors (or if there is government involvement/support in the company), a key challenge is maintaining a balanced and independent Board of Directors. Early in its life, RideGo's board might be dominated by the founder and close associates, which can lead to insular decision-making. With expansion, the company needs directors who can objectively oversee management and protect the interests of all shareholders and stakeholders. The challenge is to bring in non-executive directors (ideally independent of management and major shareholders) who have the expertise to guide a tech company and the courage to question management's actions. If, for example, a venture capital firm or the government of Ghana holds a stake, they might want board seats – the board could become a mix of different interest representatives. Without clear governance, this might lead to conflicts (e.g., pressure to favor one group's agenda). Ensuring independence is significant because it underpins **accountability** – independent directors chairing audit or risk committees will help ensure RideGo's financial reporting is transparent and that risks (like data privacy or driver welfare issues) are properly managed, rather than swept under the rug. If RideGo fails on this front, there's risk of poor oversight (which could result in scandals or strategic mistakes) and loss of stakeholder trust (investors might fear the board is just a rubber stamp for the CEO, for instance).

- **Maintaining Ethical Standards and Compliance During Rapid Growth:** A second challenge is upholding high ethical standards and complying with all relevant regulations as the company scales up. In the rush to grow (more drivers, more cities, new features), startups sometimes cut corners – for instance, not performing thorough background checks on drivers, or using customer data in questionable ways, or ignoring minor local licensing rules. RideGo must guard against this. There's also the issue of **driver treatment and customer safety** – ethically, the company should ensure drivers are not exploited (fair commissions, no discrimination) and customers are safe (through effective vetting of drivers and response to incidents). As the company expands, keeping a handle on these practices gets harder – what worked informally at small scale needs formal policies at large scale. This is significant to sustained success because any scandal (say, a safety incident that gets attributed to negligence, or a corruption issue where a manager was paying off officials to bypass laws) could severely damage RideGo's reputation and invite legal penalties. Additionally, regulators (like transport authorities or data protection agencies) will scrutinize RideGo more as it becomes high-profile – any compliance failure could result in fines or operations being suspended. Essentially, the challenge is implementing a robust governance framework for ethics/compliance early, so that "tone at the top" (coming from the board and CEO) emphasizes doing business the right way even under pressure. If not addressed, this challenge can lead to loss of public trust (riders might uninstall the app if they feel the company is unsafe or unethical) and loss of investor confidence (no one wants to invest in a company that might implode in scandal).

  (Other possible challenges could include managing conflicts of interest – e.g., if a board member has ties to a competitor or supplier or if government involvement leads to political interference – and ensuring transparency in reporting to stakeholders. Two well-explained challenge relevant to RideGo @ ***4 marks each = 8 marks maximum)***

b) **Recommended Governance Improvements:**
To strengthen its corporate governance, RideGo should implement the following best practices:

- **Establish a Well-Balanced Board with Independent Directors:** RideGo should expand and structure its Board of Directors to include a mix of executive and non-executive members, with a number of truly **independent directors** (individuals who are not part of management and have no significant business ties to the company). For example, RideGo might appoint an experienced professional from the tech industry or a corporate governance expert as an independent non-executive director. These independent members can chair key committees such as an **Audit Committee** or **Risk Committee**. The presence of an Audit Committee (overseeing financial reporting and internal controls) and possibly a Remuneration Committee (overseeing fair executive pay and incentives) are considered best practice under codes like the OECD or Ghana's own corporate governance guidelines. The board should ideally also separate the roles of **Chairman and CEO** – meaning the founder/CEO should not also be the board chair; instead, an independent chair can provide leadership to the board without being involved in day-to-day management. This separation of roles prevents excessive power concentration and improves oversight. Rationale: These steps ensure that the board can effectively supervise management's decisions, thus protecting shareholders and stakeholders. Independent voices on the board will help RideGo navigate strategic decisions objectively (e.g., evaluating expansion risks or major partnerships) and uphold fiduciary duties, thereby reducing the risk of governance failures. It signals to investors and regulators that RideGo is serious about accountability and transparency at the top.

- **Implement Clear Policies for Ethics, Compliance, and Stakeholder Engagement:** RideGo should develop formal governance policies, including a **Code of Ethics/Conduct** that all directors, management, and employees (and possibly drivers as partners) are expected to follow. This code would cover issues like conflict of interest declarations, anti-corruption (no bribery to officials for licenses; no kickbacks in driver onboarding), data privacy commitments, and fair treatment of customers and drivers. Additionally, RideGo should strengthen compliance mechanisms – for example, appoint a **Compliance Officer** or set up an internal audit function that regularly checks adherence to regulations (transport safety, data protection, labor laws, etc.). In terms of stakeholder engagement, RideGo could establish channels to include stakeholder input in governance: for instance, a **Driver Advisory Panel** that meets with management/board periodically or surveying drivers and riders on their concerns. Mendelow's stakeholder matrix suggests high-power stakeholders like regulators or major investors need active management – so proactive transparency with them is key. For example, RideGo can commit to publishing an **annual transparency report** that includes metrics on driver earnings, customer safety incidents, and how they were addressed. Rationale: These measures create a culture of integrity and responsiveness. A Code of Ethics backed by training and enforcement ensures everyone at RideGo knows the expected standards (reducing the likelihood of misconduct). Engaging stakeholders like drivers and customers in dialogue shows that RideGo's governance considers more than just shareholders – building trust and loyalty. Regulators will also view the company more favorably if it self-reports and demonstrates compliance efforts, possibly making them less inclined to impose harsh measures. Overall, clear policies and engagement help mitigate the ethical and compliance challenges identified in (a) by institutionalizing good practices rather than leaving them to chance.

- **Increase Transparency and Disclosure:** As part of good governance, RideGo should commit to high levels of transparency in its operations and finances. If not already doing so, the company should prepare **annual financial statements** in line with standard accounting practices and have them **externally audited** by an independent audit firm. Even if RideGo is not yet publicly listed, behaving "like a listed company" in terms of disclosure builds credibility. Also, disclose key performance and governance information: for instance, disclose the company's governance structure on its website, including who the board members are (with their profiles and any other directorships), and the existence of committees and policies. Transparency extends to communicating with stakeholders when issues occur – e.g., if there's a data breach or a major service outage, RideGo should openly inform users and explain corrective steps. Another aspect is **financial transparency to investors and employees**: keeping investors updated on business progress and using open-book management internally for trust. Rationale: Transparency is a pillar of corporate governance because it reduces information asymmetry and builds trust. When RideGo eventually might seek public investment or larger partnerships, a track record of honest reporting will ease due diligence and valuations. For customers and the public, transparent handling of problems can prevent reputational damage – people are more forgiving when a company is honest and takes responsibility. In governance terms, having an audit validates that RideGo's financial reporting is reliable, preventing any temptation of financial misreporting as pressure grows. By aligning with the transparency requirements of frameworks like the Ghana Stock Exchange rules or international best practices, RideGo not only prepares itself for possible future IPO, but also assures current stakeholders that it has nothing to hide and is running the business prudently.

*(**3 recommendation @ 4 marks each = 12 marks.** 2 marks for the idea and 2 for the rationale. Other valid measures could include specifying audit and remuneration committees, introducing whistleblower mechanisms, or aligning with specific governance codes. Credit any three well-justified recommendations.)*

(Total: 20 marks)

EXAMINER'S COMMENTS

Corporate governance challenges at RideGo and measures to address those challenges were examined in Question 5. Question 5(a) focused on corporate governance challenges at RideGo while Question 5(b) concentrated on recommendation of three measures or best practices in corporate governance to address those challenges. The two key challenges were **ensuring board independence and effective oversight** and **maintaining ethical standards and compliance during rapid growth of the company**. The recommended governance improvements measures include **establishing a well-balanced Board with Independent Directors**, **implementing clear policies for ethics, compliance** and **stakeholder engagement and increasing transparency and disclosure**. In fact, the governance challenges and measures were virtually alluded to in the preamble to the questions as well as in the requirements to the questions. Yet surprisingly some candidates were simply not guided accordingly.

CONCLUSION

Candidates are once again reminded of the fact that success in the SCS paper requires diligent effort, not a stroke of luck. By thoroughly studying the recommended materials, starting preparations early, and avoiding last-minute cramming after the pre-seen is released, candidates can set themselves up for success in the next examine.