FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures)   :

Student ID (in Words)   :

Course Code & Name	:	**MGT3114 Corporate Strategy**
Semester & Year	:	May – August 2023
Lecturer/Examiner	:	Asst Prof Dr Robert Cheong Kwang Hai
Duration	:	3 Hours

INSTRUCTIONS TO CANDIDATES

1. **This question paper consists of 2 parts:**
    PART A (40 marks)   :   TWO (2) Case Study Questions. Answer ALL of the questions. Answers are to be written in the Answer Booklet provided.
    PART B (60 marks)   :   THREE (3) Structured-Type Questions. Answer ALL of the questions. Answers are to be written in the Answer Booklet provided.
2. **Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.**
3. **This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.**
4. **Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.**

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 4 (Including the cover page)

PART A   **: CASE STUDY QUESTIONS (40 MARKS)**

INSTRUCTION(S)   : Answer all **TWO (2)** questions. Write your answers in the Answer Booklet(s) provided.

Case study for MCDonald's Corporation

When most firms were struggling in 2015, McDonald's increased its revenues from $22.7 billion in 2016 to $23.5 billion in 2017. Headquartered in Oak Brook, Illinois McDonald's net income nearly doubled during that time from $2.4 billion to $4.3 billion – quite impressive. *Fortune* magazine in 2018 rated McDonald's as their 16th "Most Admired Company in the World" in terms of their management and performance.

McDonald's added 650 new outlets in 2017 when many restaurants struggled to keep their doors open. McDonald's low prices and expanded menu items have attracted millions of new customers away from sit-down chains and independent eateries. Jim Skinner, CEO of McDonald's, says, "We do so well because our strategies have been so well planned out." McDonald's served about 60 million customers every day in 2017, 2 million more than in 2016. Nearly 80 percent of McDonald's are run by franchisees (or affiliates).

McDonald's in 2017 spent $2.1 billion to remodel many of its 32,000 restaurants and build new ones at a more rapid pace than in recent years. This is in stark contrast to most restaurant chains that are struggling to survive, laying off employees, closing restaurants, and reducing expansion plans. McDonald's restaurants are in 120 countries. Going out to eat is one of the first activities that customers cut in tough times. A rising U.S. dollar is another external factor that hurts McDonald's. An internal weakness of McDonald's is that the firm now offers upscale coffee drinks like lattes and cappuccinos in over 7,000 locations just as budget conscious consumers are cutting back on such extravagances. About half of McDonald's 31,000 locations are outside the United States.

But McDonald's top management team says everything the firm does is for the long term. McDonald's for several years referred to their strategic plan as "Plan to Win." This strategy has been to increase sales at existing locations by improving the menu, remodeling dining rooms, extending hours, and adding snacks. The company has avoided deep price cuts on its menu items. McDonald's was only one of three large U.S. firms that saw its stock price rise in 2017.

The other two firms were Wal-Mart and Family Dollar Stores. Other strategies being pursued currently by McDonald's include replacing gasoline-powered cars with energy-efficient cars, lowering advertising rates, halting building new outlets on street corners where nearby development shows signs of weakness, boosting the firm's coffee business, and improving the drive-through windows to increase sales and efficiency.

McDonald's receives nearly two thirds of its revenues from outside the United States. The company has 14,000 U.S. outlets and 18,000 outlets outside the United States. McDonald's feeds 58 million customers every day. The company operates Hamburger University in suburban Chicago. McDonald's reported that first quarter 2016 profits rose 4 percent and same-store sales rose 4.3 percent across the globe. Same-store sales in the second quarter of 2017 were up another 4.8 percent.

Adapted from: https://www.academia.edu/40915522/McDonalds_Case_Study

QUESTION 1

Compare and contrast the **STEEP** analysis aid in the development of the strategy in McDonalds.

(20 marks)

QUESTION 2

Justify the importance of a strategic decision executed by McDonald to ensure they remain competitive in the market.

(20 marks)

END OF PART A

PART B   **: STRUCTURED-TYPE QUESTIONS (60 MARKS)**

INSTRUCTION(S)   **:** Answer all **THREE (3)** questions. Write your answers in the Answer Booklet(s) provided.

QUESTION 1

Critically describe with relevant examples, **FOUR (4)** basic elements of strategic management.

(20 marks)

QUESTION 2

Critically evaluate with relevant examples, three elements of globalisation, innovation, and sustainability that impact your understanding of strategy.

(20 marks)

QUESTION 3

Justify with relevant examples, the **FOUR (4)** key differences between a market development and a product development strategy.

(20 marks)

END OF QUESTION PAPER