



## BERJAYA BUSINESS SCHOOL

### FINAL EXAMINATION

Student ID (in Figures) :

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Student ID (in Words) :

---



---

Course Code & Name : MGT5123 **STRATEGIC MANAGEMENT AND DEVELOPMENT:  
INTERNATIONAL BUSINESS AND CORPORATE STRATEGY**

Trimester & Year : September – December 2018

Lecturer/Examiner : Dr. Lai Ving Kam, Associate Professor

Duration : 3 Hours

### INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:  
 PART A (40 marks) : Case study questions. Answer all three Case Study questions.  
 PART B (60 marks) : Answer only FIVE (5) essay questions out of NINE (9) questions given.  
 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 = 7 (Including the cover page)

**Case study for Part A of MGT5123 STRATEGIC MANAGEMENT AND DEVELOPMENT:  
INTERNATIONAL BUSINESS AND CORPORATE STRATEGY**

**Corporate Strategies with Inner Agility in New Global Environment**

In current fast mutating global environment, Corporate Strategy is the grand design of managing the entire organization. It determines that business in which the firm will be engaged in: industries, segments, products, and services. The new breed of leadership is to take the business in new directions or to higher levels of performances than they would have achieved without you. Corporate strategy is about coping with changes agilely supported with the abilities to influence groups toward the achievement of higher goals. Business leader has to maneuver the relationship between businesses, market and people in which influence and power are unevenly distributed. However, many senior executives routinely undermine creativity, productivity, and commitment by damaging the inner work lives of their employees in avoidable ways.

Contingency theory advocates that there is no single ideal corporate strategy in any given corporate business situation. Nevertheless, disruptive times may call for transformational or adaptive strategy supported with ability in attending to complex problems. To find the way effectively, the business leaders must become skilled to let go and become more multifaceted themselves in leading the team. Human beings live in an age of accelerating disruption. In current global environment, every business is facing up to the profound changes shaped by digitization and constant innovation with much shorter live cycles. Business boundaries have become permeable that demand more adaptive responses and agility. New sophisticated technology such as 5G, big data, advanced algorithms, Internet of many things, blockchain and artificial intelligence are changing the nature of operations, forecasting, decision making, and the workplace itself.

With new and hyper connected world, many things are happening at once, and established business enterprises are responding by rethinking their corporate strategic direction, business traits, application processes, and business models. They have to adaptively remodel and redesigning their organizations and businesses adopting novel agile management, leadership practices, and embracing design thinking. To illustrate take for example a new global CEO of a supplier to a major manufacturing sector wanted to signal quickly and clearly where the company was headed. This 100-year-old company had lost ground to overseas competitors from Asia, so he believed a transformation was in order, and fast. He replaced more than 50 percent of his executive staff with newcomers from entrepreneurial companies and announced that the company would be the low-cost but responsive provider of its most important products. He dubbed it the “New five dollar plan.” He was certain that this clear, concrete recovery plan would pay off in many ways: existing customers would be delighted, new ones would be acquired, profits would go up, and employees would be cheered by the turnaround.

But many senior executives have difficulty pulling back from obsessive engagement with the issue at hand; for some, in fact, that focus has been a key to success. But trying to survive one crisis after another by relying on the tried and factual is not enough these days. Pausing in the

chaos of great change is a counterintuitive action that can lead to greater creativity and efficiency. It carves out a safe space for self-awareness, for re-centring yourself, for something new to emerge. Pausing requires substantial self-awareness, and you may not get immediate results. Every bit of benefit counts, though, and if you don't start the journey of learning how to decouple from your context and the immediate response it provokes, you'll find it harder and harder to be open to new ideas, or to become a better listener—both traits that are critical at moments where your own vision is clouded.

Some twelve months later, the financial results indicated very disturbing negative story. Expected cost savings from manufacturing efficiencies were not showing up. Profits and sales were flat. Employee engagement, as measured by participation in the annual survey, had dropped by 15 percent. Uncertain about how to respond, the leader took a step back: he and some top advisors began asking a lot of questions of people at all levels of the company. As he listened, he came to understand his big mistake: instead of sharing a vision of the general direction for the company, he had pointed employees to a destination, and given them no context for his decision. The company had long been admired for its great customer service, and many long-timers did not understand how the “New five-dollar plan” could coexist with that reputation. His clarity had denied their creativity: they saw the plan for what it was: a productivity goal, not a vision that demanded their best work and thinking. Without a supportive, engaged workforce, the plan had failed badly.

Fast forward to today: 24 months after that realization, prides in the work have been re-established, and the company is on solid financial ground. What has transpired? The CEO changed as he was reflecting on why his staff had lost motivation, several family portraits that adorned his office caught his eye. Family was important to him, and he suddenly realized that he managed that part of his life very differently from his company. He didn't give deterministic outcomes to his children. Instead, he tried to point them in certain values based directions and give them the liberties and opportunities to thrive, knowing that the outcome would much depend on their talents than his dictates. He accepted his children's independence, but not his staff. He determined to manage his company the way parented. He engaged the staff in determining the direction of the company; he tasked a diverse group of employees with figuring out whether the new five dollar plan could coexist with the customization that had given the company such a great reputation for customer service and innovation. They came to believe it could, and even developed a tagline that nodded to the past while pointing to a new direction: “Building the business together for the next 100 years on a proud heritage.”

In times of complexity and high stress in shorter intervals and high frequencies, we find our sense of our own competence and sense of self continually challenged. We have two choices: try to reduce discomfort by falling back on trusted habits, or embrace the complexity and use it to learn and grow. Courageous leaders will develop new relationships to uncertainty. We must grow more complex from within. Taken together, the many practices that we have learnt are the foundation of a new mind-set that is comfortable with leading despite, and through, uncertainty. The more you practice these corporate strategic principles and steps, the more you will develop inner agility, tap into creativity, and enjoy the ride! Each small failure will teach you something and each success will help confirm that it is possible to lead effectively without having all the answers. Today's leaders must be like eagles, who don't flap their wings much harder or strain against the stronger wind stream when they encounter great turbulence.

Instead, they become even more still, knowing that they have the agility and self-possession to soar even higher and further.

Developed by Dr. Lai Ving Kam Oct 2018

Question 1

In rejuvenating new Malaysia's private sectors to regain the sustainable competitive advantages, the industry players need to possess certain unique core competencies. Justify **FOUR (4)** features of the desired core competencies.

(10 Marks)

Question 2

Change is always a constant in energizing the lacklustre industry. Compose and illustrate **FIVE (5)** major change management activities that the industry should involve dynamically.

(10 Marks)

Question 3

To expedite the recovery in regaining the sustainable competitive advantages, the private sector may need to create value through forming strategic alliance to fast forward the posses.

a. Explain **FIVE (5)** reasons for the use strategic alliances?

(10 Marks)

b. Summarize the **FIVE (5)** types of strategic alliances that local new Malaysia's private sector can effectively engage.

(10 Marks)

(Total 20 Marks)

**END OF PART A**

Question 1

Competitive priorities are the critical operational dimensions a process or supply chain must possess to satisfy its internal or external customers, both now and in the future

Identifying manufacturers' competitive priorities has long been considered a key element in manufacturing strategy research.

Summarize the **FOUR (4)** competitive priorities and justify your answers.

(12 Marks)

Question 2

The reflections of Sun Tzu the Art of War articulate that to win and take leadership in modern business war fares, strategic management is a critical winning requirement.

Assess the critical thinking presented in Sun Tzu the Art of War; appraise and synthesize the application in relation to current trade war between USA and China.

(12 Marks)

Question 3

Higher growth is a key goal of companies, governments, and societies. By competing in existing market, it is difficult for companies establish new market spaces and earn profits. To get relief of avoiding being trapped in old markets, managers need to focus on attracting new customers, understand market creation, stop focusing on premium versus low cost strategies, and worry less about segmentation.

a. Compare and contrast **FOUR (4)** areas on Red Ocean verse Blue Ocean Strategy (BOS) that offer users a framework for creating uncontested market space and diverts the views from the current competition to the creation of innovative value and demand.

(6 Marks)

b. With specific reference to the United State of America created trade wars with China and rest of the world, apply Porter Model, illustrate the **THREE (3)** buyers bargaining powers and **THREE (3)** Suppliers bargaining powers in current volatile environment.

(6 Marks)

(Total 12 Marks)

#### Question 4

Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework must be there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. It covers the assumptions that underlie theories of corporate governance and the expected outcomes of various board structures and compositions.

- a. Illustrate **FOUR (4)** problems on what are current issues in strategy implementation?  
(6 Marks)
- b. List and explain **FOUR (4)** roles and responsibility of the directors?  
(6 Marks)  
(12 Marks)

#### Question 5

Groups sometimes fall into a style of thinking where the maintenance of the group's cohesion and togetherness becomes all-important and results in very bad decision-making.

- a. Describe **FOUR (4)** symptoms of Groupthinking.  
(6 Marks)
- b. Illustrate **(FOUR) 4** remedies for Groupthinking.  
(6 Marks)  
(12 Marks)

#### Question 6

Corporate Strategy builds on top of business strategy, which is concerned with the strategic decision making for an individual business. There are several important components of corporate strategy that leaders of organizations focus on.

- a. Summarize **THREE (3)** aspects each of the external and internal factors that are affecting corporate strategy.  
(6 Marks)
- b. Unrelated Diversification is where an organization operates multiple businesses that are not logically associated with one another. Example: General Electric (USA). Illustrate **TWO (2)** advantages and **TWO (2)** disadvantages of this strategy.  
(6 Marks)  
(Total 12 Marks)

### Question 7

Regardless of whether a subsidiary is wholly owned or partially owned, a parent company has a strong say in how that subsidiary operates. Subsidiaries based overseas are known as foreign-owned subsidiaries. Establishing an overseas subsidiary provides you with several benefits, but it also presents some drawbacks.

- a. Illustrate the **FOUR (4)** benefits of establishing a subsidiary in a foreign market (6 Marks)
  - b. Summarize **FOUR (4)** factors that shape strategic choices in international markets (6 Marks)
- (Total 12 Marks)

### Question 8

Global strategy is a process of expanding and competing in globalized markets. At some point, companies will be an international, with few products or services in a select number of countries. When a company is multinational, there are different variations of their product across multiple countries.

- a. A sound global strategy should address the questions of global strategies. List and assess **FOUR (4)** global strategies. (6 Marks)
  - b. Appraise **FOUR (4)** factors that promote the globalization of markets. (6 Marks)
- (Total 12 Marks)

### Question 9

An emerging set of digital ecosystems could account for more than \$60 trillion in revenues by 2025, or more than 30 percent of global corporate revenues. In Digital Ecosystems, industry boundaries blur, strategy needs a much broader frame of reference.

The issue now is that digital is causing such disruptions to happen faster and more frequently. Appraise **FOUR (4)** reasons why digital strategies fail?

(12 Marks)

**End of Part B**

**END OF EXAMINATION PAPER**