
UNIVERSITI SAINS MALAYSIA

Doctor of Business Administration

Second Semester Examination
Academic Session 2007/2008

April 2008

AGW 709 - Seminar in Strategic Management

Duration: 3 hours

Please check that this examination paper consists of **THREE** pages of printed material before you begin the examination.

Answer **ALL** questions.

Question 1

Read the attached news report on Penang's economic progress and answer the following questions:

- (a) Based on your understanding of resource-based view, identify and classify Penang's resources.
- (b) Appraise Penang's strengths and weaknesses relative to competing states in Malaysia and other nations.
- (c) Give your recommendations to ensure that Penang will remain competitive and continue to attract foreign investors and ensure that existing multinational companies continue to invest in the state.

[40 marks]

Question 2

According to the resource-based view, a firm's competitive advantage is based on the possession of tangible and intangible resources, which are difficult or costly for other firms to obtain. In order to sustain the firm's competitive advantage these resources must be valuable, rare, inimitable, and non-substitutable (Barney, 1991). Is this view applicable to explain the competitive advantage of small and medium-sized firms which are generally known to be resource poor? Discuss.

[20 marks]

Question 3

Business groups – confederations of legally independent firms – are striking features in most emerging economies. Discuss the factors that a) give rise to business group affiliations; b) the benefits and costs of business group affiliations; and c) the effects on performance.

[20 marks]

Question 4

Internationalization is the linear sequential process of increasing involvement in international operations (Welch and Luostarinen, 1988). Is this proposition still valid? Discuss.

[20 marks]

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N12**NATION**

THE STAR, THURSDAY 28 FEBRUARY 2008

PENANG'S PROGRESS REPORT**HIGHLIGHTS**

- > The state enjoyed RM16.76bil investment in manufacturing from 2004 to 2007.
- > Penang's gross domestic product (GDP) grew steadily at an average growth rate of 6.6% (2001-2005).
- > Per capita GDP increased from RM1,000 to RM14,000 in 35 years (1970-2005).
- > Penang is still home to many famous MNCs such as Agilent, Avago, Altera, ASE, IOI Oleochemical, Motorola, Philips and Robert Bosch.
- > Penang enjoyed a 36% increase in air passenger traffic (2003-2007).
- > There have been new direct flights by seven airlines since 2004.
- > The state recorded a 5.4% average growth in the services sector from 2001 to 2005 which encompasses business and financial, commerce, communications, food and beverage, health services, retail and transportation.
- > There has been healthy growth in medical tourism which has attracted millions in foreign exchange yearly.

ON PROJECTS THE REPORT LISTED AMONG OTHERS

- > Completion of Butterworth Outer Ring Road (BORR) in January 2007, Jelutong Expressway (JE) in 2006, launching of Rapid Penang in July 2007, the final stage of the implementation of the Penang Monorail and the targeted completion of the second bridge in 2011.
- > Penang set to become hub for logistics and progress under the Northern Corridor Economic Region (NCER).

STRATEGIES FOR SURE PENANG'S CONTINUING SUCCESS

- > Developing more cybercities.
- > Moving into biotechnology, medical devices/instruments, contract manufacturing and contract research.
- > Developing research and development (R&D) in marine bio-technology and agro-based industries.
- > Enhancing human resource and skills development.