

12 FEB 2018

**Eastern University, Sri Lanka**  
**Final Year Second Semester Examination in Bachelor of Commerce**  
**2014/2015 (November 2017)**  
**(Proper/Repeat)**  
**COC 4013 Business Strategic Planning**

No. of questions: 05

No. of pages: 08

Time: 3.00 hours

Answer all questions

01. Read the case study and answer the questions given below.

***About the company***

Dialog Axiata PLC, a subsidiary of Axiata Group Berhad (Axiata), operates Sri Lanka's largest and fastest growing mobile telecommunications network. The Company is also one of the largest listed companies on the Colombo Stock Exchange in terms of market capitalization. Dialog Axiata supplements its market leading position through its fully-owned subsidiaries, such as, Dialog Broadband Networks (Private) Limited (DBN), Dialog Television (Private) Limited (DTV) and Digital Holdings Lanka (Private) Limited.

Dialog, a winner of six GSMA Mobile World Awards has the distinction of being voted by Sri Lankan consumers as the Telecom Service Provider of the Year for six successive years and Internet Service Provider of the Year at the SLIM Nielsen People's Choice Awards. Dialog has topped Sri Lanka's Corporate Accountability rankings for the past seven years in succession and is an ISO: 9001 certified company. The Company has received numerous local and international awards including the National Quality Award and Sri Lanka Business Excellence Award.

The Company delivers advanced mobile telephony and high speed mobile broadband services to a subscriber base of 11.8Mn Sri Lankans, via 2.5G and 3G/3.5G and 4G networks. In April 2013, Dialog secured the distinction of becoming the first service provider in South Asia to commence commercial operations of mobile 4G-LTE services, having previously introduced 3G to the region in, as far back as 2006. The Company also provides a comprehensive suite of International Roaming

***Company Mission and Ethics Statement***

Vision: To be the undisputed leader in the provision of multi-sensory connectivity resulting always, in the empowerment and enrichment of Sri Lankan lives and enterprises.

Mission: To lead in the provision of technology enabled connectivity touching multiple human senses and faculties, through committed adherence to customer-driven, responsive and flexible business processes, and through the delivery of quality service and leading edge technology unparalleled by any other, spurred by an empowered set of dedicated individuals who are driven by an irrepressible desire to work as one towards a common goal in the truest sense of team spirit.

Values: Service from the Heart, Create the Future, Champions of Change, Exceptional Performance, Uncompromising Integrity, Responsible Leadership, One Team

***Internal and external audit***

Dr. Hans Wijayasuriya stated that fast emerging era of multi-faceted digitization and expansive connectivity of people and things, is one wherein our Group's Businesses and Core Competencies spanning Converged Connectivity, Digital Media and an expansive portfolio of Digital Services spanning Digitally empowered Commerce, Financial Services, Education and Health would play a pivotal and transformative role in shaping the lives of our people and future of our country.

The financial year 2016 proved to be a challenging year marked by intense competition and multiple regulatory headwinds which had a negative impact on the telecommunications industry as a whole. Despite the challenging environment Dialog Group continued to consolidate its position as Sri Lanka's premier connectivity provider, continuing its operational momentum to deliver robust growth across all key performance indicators.

Dialog Axiata is the market leader for Sri Lankan mobile market which accounted for nearly 43% of market share. Dialog broadband Network is Sri Lanka's second largest Fixed Telecommunications service provider, and also a leading provider of Radio and Optical Fiber based transmission infrastructure facilities. The Company continues to perform well in both mobile and non-mobile (DTV and DBN) segments.

Capital Trust Securities (Pvt) Ltd identified the strength of the company in following aspects;

- Being the market leader: Dialog Axiata is the market leader for Sri Lankan mobile market which accounted for nearly 43% of market share. Dialog broadband Network is Sri Lanka's second largest Fixed Telecommunications service provider, and also

a leading provider, of Radio and Optical Fiber based transmission infrastructure facilities.

- Attractive performance: The Company continues to perform well in both mobile and non-mobile (DTV and DBN) segments.
- Strong brand name and reputation: Strong brand name and reputation associated with the group also assists in the development of the business.
- Expanded business functions: DIAL is the pioneer for international roaming facility in Sri Lanka which comprises voice roaming collaborations through 617 operators in 225 countries around the globe.
- Improving demand: Increase in demand for smart phones will eventually improve the demand for mobile data which will positively contribute to the mobile operation segment.
- Strong infrastructure development: Dialog focus on expanding the high speed Fiber Optic network on island wide together with the establishment of strong International (Sub-Marine) Optical Fibre connectivity to the Global Internet via the Bay of Bengal Gateway (BBG) Cable project.

Opportunities for the company are Growing demand in broadband and data segments, Growing demand for IDD and roaming facilities, Growth in the domestic economy Infrastructure development in rural areas and war effected areas. Where as Threats are Changes in government Rules and regulations, Changes in government fees and levy"s, Saturation of subscriber base for voice and video call segment, Exposure to foreign debt makes many mobile operators vulnerable to foreign exchange losses due to depreciation in LKR, Increasing interest rates will affect planned capital expenditure projects, Applications such as Viber, Skype, Whatsapp, and We Chat etc. may damage the voice and video call customer base.

### ***Business Strategy***

Our strategy as espoused in our tag line, 'The Future. Today', is to lead in Innovation by delivering world class solutions to our subscribers. Our innovation-led business strategy is supported by focus on superior customer experience that would harness the power of digital care to fulfil consumer needs through Omni channel, life enriching experiences.

### ***Corporate Responsibility initiatives***

Axiata Group is a making a concerted effort to create a strong and cohesive Group-wide corporate responsibility identity for all its Axiata companies. By adopting this approach, the

Group is aligning the efforts of its Operating Companies (OpCos) in the South Asian and South East Asian regions by incorporating a shared sustainability identity structured in three corporate responsibility areas:

1. Disaster Management and Response: Adopt proactive measures to improve Network resilience and responsiveness in order to facilitate connectivity before, during and after disaster situations.
2. Young Talent Development: Identify and support the growth of talented youth in the OpCo countries and ensure identified young talents achieve their potential as future corporate leaders.
3. Green Initiatives: Establish acceptable standards in terms of systems and processes to ensure the most effective environmentally-friendly operational practices are used in the Group's network, infrastructure and office locations.

While these areas will be discussed collectively as Axiata Group's Corporate Responsibility initiatives, each OpCo including Dialog will carry out its sustainability projects independently based on individual company's materiality and sustainability context.

#### **Award**

A winner of six Global Mobile Awards, Dialog has the distinction of being voted by Sri Lankan Consumers as the 'Telecom Service Provider of the Year' for 6 years in succession at the SLIM-Nielsen People's Choice Awards. Dialog was also voted by Sri Lankan consumers as the 'Internet Service Provider of the Year' for the fourth consecutive year and has topped Sri Lanka's Corporate Accountability rankings for the past six years in succession and is an ISO 9001 certified company. The Company has received numerous local and international awards including the National Quality Award and Sri Lanka Business Excellence Award.

#### **Source:**

*Dialog Axiata PLC (2015), Annual Report;*

*Dialog (2015), Sustainability Report.*

*Capital Trust Securities (Pvt) Ltd, A Capital Trust Group Company (March 2016), Report - Case for Investment.*

#### **Questions**

- (I). Based on the above case do you agree that Dialog Axiata PLC adopted effective strategic management practice. Justify your answer.  
(05 Marks)
- (II). Evaluate the vision and mission statement whether on the basis it satisfies all the characteristics of good vision and mission statement and propose an alternative vision and mission statement if need.  
(05 Marks)

- (III). Identify strength, weakness, opportunities and threats faced by Dialog Axiata PLC. **(05 Marks)**
- (IV). Using the above information Develop a SWOT matrix and develop SO, WO, ST and WT Strategies. Compare this with current company's business strategy. **(05 Marks)**
- (V). Using the above information, develop an External Factor Evaluation (EFE) and Internal Factor Evaluation (IFE) Matrix and interpret. **(06 Marks)**
- (VI). Describe how Dialog Axiata PLC. creates an ethical "culture" and explain how business ethics, social responsibility, and sustainability are interrelated. **(04 Marks)**

**(Total: 30 Marks)**

02. (I). Write the appropriate answer in your script for the following multiple-choice questions.

i. Bad ethics can \_\_\_\_\_ strategic plans.

a. derail all but the best	b. derail even the best
c. derail only poorly-intentioned	d. derail only ill-conceived
e. never affect	

ii. Life-directing attitudes that serve as behavioral guidelines are called

- a) beliefs
- b) metaphors
- c) rites
- d) legends
- e) values

iii. A resource is valuable if it is rare, hard to imitate, or

a. expensive	b. inexpensive
c. not easily substitutable	d. easily substitutable
e. inefficient.	

iv. Which stage of the strategy-formulation framework includes the IFE Matrix?

- a) Input stage
- b) Analysis stage
- c) Matching stage
- d) Decision stage
- e) Output stage

v. If success for one organizational department means failure for another department, then strategies may be

- a) synergistic
- b) inconsistent
- c) advantageous
- d) feasible
- e) trendy

- vi. Research suggests that which of the following is one of the best ways to overcome individuals' resistance to change in strategy evaluation?
- a) Participation
  - b) Rational argument
  - c) Command-and-control
  - d) Emotional reactions
  - e) Laissez-faire system
- vii. Success today
- a) guarantees success tomorrow
  - b) is all that really matters
  - c) is no guarantee of success tomorrow
  - d) provides significant assurance of success tomorrow
  - e) none of the above
- viii. What principle is based on the belief that the true measure of a really good strategist is the ability to solve problems?
- a) Managing by crisis
  - b) Managing by exception
  - c) Managing by objectives
  - d) Managing by hope
  - e) Managing by extrapolation
- ix. Which strategy is appropriate when an organization competes in an industry characterized by rapid technological developments?
- a) Retrenchment
  - b) Liquidation
  - c) Backward integration
  - d) Market penetration
  - e) Product development
- x. The two internal dimensions represented on the axes of the SPACE Matrix are
- a) stability position and industry position
  - b) internationalization and competitive position
  - c) competitive position and financial position
  - d) financial position and stability position
  - e) industry position and internationalization

(10 x 1.5 = 15.Marks)

(II). Mark true (✓) or false (X) in your script for the following statements.

- i. A mission statement is a declaration of an organization's reason for being \_\_\_\_\_.
- ii. Good ethics is not a prerequisite for good strategic management. \_\_\_\_\_.
- iii. Business ethics can be defined as principles of conduct within organizations that guide decision making and behavior \_\_\_\_\_.
- iv. Strategies may be inconsistent if policy problems and issues continue to be brought to the top for resolution \_\_\_\_\_.
- v. The decreasing time span for which planning can be done with any degree of \_\_\_\_\_.

certainty is a reason strategy evaluation is more difficult today\_\_\_\_\_.

- vi. Long-term objectives represent the results expected from pursuing certain strategies \_\_\_\_\_.
- vii. The four strategies of the SPACE Matrix are aggressive, conservative, offensive and defensive\_\_\_\_\_.
- viii. The most complex of all organizational structures is a matrix structure\_\_\_\_\_.
- ix. Opportunities are a firm's distinctive competencies that cannot be easily matched or imitated by competitors\_\_\_\_\_.
- x. Proponents of the resource-based view argue that external factors are more important than internal factors for a firm in achieving and sustaining competitive advantage\_\_\_\_\_.

**(10 x 01 = 10 Marks)**

**(Total: 25 Marks)**

- (I). Briefly illustrate the process of strategic management. And explain which stage in the strategic-management process is the most difficult? why.  
**(04 Marks)**
- (II). Explain who strategists are and what they do in an organization.  
**(03 Marks)**
- (III). Explain the relationship between strategic management and competitive advantage. How can a firm achieve sustained competitive advantage?  
**(05 Marks)**
- (IV). List any five of the reasons given for why some firms do no strategic planning.  
**(03 Marks)**  
**(Total: 15 Marks)**
- (I). Describe why a mission statement is so important in the strategic-management process.  
**(03 Marks)**
- (II). What are the five major types of external forces that should be examined as part of an external audit? Give an example of each type of force.  
**(04 Marks)**
- (III). Discuss the Industrial Organization (I/O) approach in relation to competitive advantage.  
**(04 Marks)**
- (IV). Define and give examples of three intensive strategies.  
**(04 Marks)**  
**(Total: 15 Marks)**

05. (I). Discuss each of Michael Porter's five generic strategies.

(04 Mar

(II). Given the information in the table below, develop SPACE Matrix, BCG Matrix and IE Matrix and comments on it.

Corporations	X	Y	Z
Profits in Rs.	12	30	15
Sales in Rs.	200	200	100
Relative Market Share	20%	70%	40%
Industry Growth Rate	25%	35%	10%
IFE total weighted success	2.0	3.2	2.1
EFE total weighted success	3.5	2.8	2.4
Financial Position	6	6.5	3
Competitive Position	-3	-5	-5
Stability Position	-1	-4	-6
Industry Position	6	2	2

(III). List and describe four criteria for evaluating strategies.

(07 Mar

(04 Mar

(Total: 15 Mar