



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
JULY 2024 SEMESTER**

COURSE CODE	: EAB40603
COURSE NAME	: STRATEGIC POLICY MANAGEMENT
PROGRAMME NAME	: BACHELOR IN ACCOUNTING (HONS)
DATE	: 23 SEPTEMBER 2024
TIME	: 2.00 PM – 5.00 PM
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **TWO (2) Sections; Sections A and Section B.**
4. Answer **ALL** questions in **Sections A and Section B.**
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. This question paper must not be removed from the examination hall.

THERE ARE SEVEN (7) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

Discuss the concept of strategic drift and its implications for organizations. Provide examples of how companies can avoid strategic drift.

(10 marks)

Question 2

Analyse the importance of aligning strategic objectives with organizational culture. How can misalignment between these two elements affect the implementation of a strategy?

(10 marks)

Question 3

Explain the concept of competitive advantage and discuss the role of innovation in sustaining it. Provide examples of companies that have successfully leveraged innovation to maintain their competitive edge.

(10 marks)

Question 4

Critically evaluate the role of stakeholder analysis in strategic policy management. How can understanding stakeholder expectations contribute to the formulation of effective strategies?

(10 marks)

SECTION B (Total: 60 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

CASE STUDY: TESLA, INC.

Tesla, Inc., founded in 2003 by a group of engineers including Elon Musk, JB Straubel, and Martin Eberhard, is a company that has redefined the automotive industry through its focus on electric vehicles (EVs) and sustainable energy solutions. From its inception, Tesla's vision has been to accelerate the world's transition to sustainable energy. This case study delves into Tesla's strategic journey, exploring how the company navigated challenges, leveraged innovation, and established itself as a leader in the automotive industry.

Tesla's Strategic Vision and Market Positioning

Tesla's mission, "to accelerate the world's transition to sustainable energy," has been the cornerstone of its strategy. Unlike traditional automotive companies that primarily focused on internal combustion engines, Tesla positioned itself as a pioneer in electric vehicles. The company's market entry strategy involved targeting the high-end consumer segment with the launch of the Tesla Roadster, which was both an environmentally friendly vehicle and a high-performance sports car. This strategy allowed Tesla to create a niche market while building brand credibility.

Key Elements of Tesla's Market Entry Strategy:

1. **Focus on High-End Market:** Tesla initially targeted the luxury sports car market with the Roadster, which was priced at a premium. This allowed the company to generate higher margins, which were reinvested in research and development (R&D).
2. **Vertical Integration:** Tesla integrated its supply chain to a significant extent, from battery production to the software controlling its vehicles. This strategy enabled Tesla to maintain a high level of control over its products and reduce dependency on third-party suppliers.
3. **Building a Sustainable Brand:** Tesla emphasized sustainability not only in its products but also in its business practices. The company's commitment to renewable energy and

environmental stewardship resonated with a growing segment of eco-conscious consumers.

4. Innovation in Product Design and Technology: Tesla's vehicles were designed with cutting-edge technology, including autonomous driving features and over-the-air software updates. This focus on innovation helped differentiate Tesla from traditional car manufacturers.

Challenges and Execution

Tesla's journey to success was fraught with significant challenges, including financial instability, production bottlenecks, and skepticism from industry experts. However, the company's leadership, particularly Elon Musk's visionary approach, played a crucial role in overcoming these hurdles.

Major Challenges Faced by Tesla:

1. Financial Constraints: Tesla faced numerous financial challenges, especially during its early years. The company struggled to secure funding and went through multiple rounds of capital raising. At one point, Tesla was close to bankruptcy before it managed to secure critical funding.
2. Production Hell: The launch of the Model 3, aimed at the mass market, was marred by production delays and quality control issues. Musk referred to this period as "production hell," where the company had to overcome significant manufacturing challenges to meet demand.
3. Technological and Regulatory Hurdles: As a pioneer in electric vehicles, Tesla had to navigate uncharted territory in terms of technology development and regulatory compliance. This included challenges related to battery technology, charging infrastructure, and autonomous driving regulations.

Leadership and Corporate Culture:

Tesla's success can be attributed to its leadership and corporate culture, which emphasized innovation, risk-taking, and a relentless pursuit of the company's mission. Elon Musk's hands-on leadership style and ability to inspire and drive his teams played a significant role in the company's achievements.

1. **Leadership's Role:** Musk's visionary leadership was instrumental in steering Tesla through turbulent times. His ability to communicate the company's mission and rally employees around a shared vision was key to maintaining morale during challenging periods.
2. **Corporate Culture:** Tesla fostered a culture of innovation and agility. The company encouraged employees to think outside the box and contribute ideas, which led to continuous improvements in its products and processes.

Sustainability and Future Outlook

As Tesla continues to grow, the company faces the challenge of maintaining its competitive advantage in an industry that is rapidly evolving. Tesla's focus on continuous innovation and sustainability has been central to its strategy, but the company must remain agile to adapt to future market dynamics.

Long-Term Sustainability of Tesla's Business Model:

1. **Continuous Innovation:** Tesla has established a culture of continuous innovation, which is critical to its long-term success. The company invests heavily in R&D to stay ahead of competitors and bring new products to market.
2. **Expansion of Product Lines:** Tesla has expanded its product offerings beyond electric vehicles to include solar energy products and energy storage solutions. This diversification helps Tesla mitigate risks associated with the automotive industry.
3. **Global Market Expansion:** Tesla is expanding its footprint in global markets, including China and Europe, which are key to its growth strategy. However, the company must navigate varying regulatory environments and competitive landscapes in these regions.

Industry Reactions and Competitive Responses:

Tesla's success has prompted other automotive companies to accelerate their electric vehicle programs. Companies like GM, Ford, and Volkswagen are investing heavily in EVs to compete with Tesla. The industry is also witnessing increased collaboration between traditional automakers and technology companies to develop autonomous driving technologies.

Recommendations for the Future:

1. **Focus on Cost Management:** As Tesla scales production, it must focus on cost management to maintain profitability, particularly with the launch of more affordable models like the Model 2.
2. **Strengthen Supply Chain Resilience:** Tesla should continue to invest in its supply chain, particularly in battery production, to ensure it can meet growing demand without facing production delays.
3. **Enhance Customer Experience:** As competition in the EV market intensifies, Tesla should enhance its customer experience through improved service centers, faster delivery times, and continued innovation in vehicle features.

Question 5

Tesla's Strategic Vision and Market Positioning:

- Discuss Tesla's approach to strategic vision and how it has shaped the company's market positioning.
- Analyze the key elements of Tesla's market entry strategy that allowed it to disrupt the traditional automotive industry.
- Evaluate how Tesla's focus on sustainability and innovation has contributed to its brand strength and customer loyalty.

(20 marks)

Question 6

Challenges and Execution:

- Identify and discuss the significant challenges Tesla faced during its growth phase. How did the company address these challenges?
- Assess the impact of leadership and corporate culture on Tesla's ability to implement its strategic objectives.
- Analyze how Tesla's continuous innovation and strategic pivots have helped the company stay ahead of its competitors.

(20 marks)

Question 7

Sustainability and Future Outlook:

- Examine the long-term sustainability of Tesla's business model. What strategies has the company employed to ensure continuous growth and adaptation in a rapidly changing industry?
- Discuss potential competitive responses and industry reactions to Tesla's strategies. How might these affect Tesla's future market position?
- Provide recommendations for other automotive companies looking to emulate Tesla's success in strategic policy management.

(20 marks)

END OF QUESTIONS