UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

BACHELOR OF CORPORATE ADMINISTRATION (HONOURS)

COURSE	:	BOARDROOM DYNAMICS
COURSE CODE	:	CGE4033
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES :

1. This question paper consists of **THREE (3)** questions.
2. Answer ALL questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
   i. the Question Paper
   ii. an Answer Booklet
4. Do not bring any material into the examination hall.
5. Please write your answer using permanent ink.

MYKAD/
PASSPORT NO. : ______________________

ID. NO. : ______________________

LECTURER : ______________________

SECTION : ______________________

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

The question paper consists of 4 printed pages including the front page

QUESTION 1

The 30-year-old publicly listed technology company Innovatech Corp. has established its reputation on a single, highly profitable legacy software product. This history is reflected in the board of directors, whose members are primarily former finance and engineering leaders from the before cloud era, having an average tenure of 12 years. The board's compensation committee accepted the company's bonus structure, which has a significant bias toward short-term profitability indicators that are virtually entirely generated by the legacy product.

"CloudSphere," an agile startup with a more flexible and affordable cloud-native solution, is rapidly disrupting the market. As Innovatech's market share declines, a significant institutional investor has openly voiced worries about the board's "lack of technological foresight."

The board is led by an excellent CEO-founder who is approaching retirement and is deeply committed to safeguarding his legacy. Board meetings are pleasant but lack constructive discussion. Dr. Alisha Khan, a known expert in AI and digital business models who was recently named as an independent director, advised for the small, selective acquisition of a cloud-native firm to bring in new people and technology. The board respectfully but firmly rejected the proposal, with the CEO stating that it would be a "distraction from our core business." The nominating committee, directed by the CEO's close colleague, continues to recommend fresh board candidates with financial experience, claiming the need for "prudent oversight" in a competitive market.

Required:

a. Discuss the **TWO (2)** advantages and **TWO (2)** disadvantages of its current structure in addressing the company's strategic challenges.

(10 marks)

b. Determine **TWO (2)** psychological theories that could account for the board's complacency and resistance to strategic change.

(15 marks)

c. Illustrate **FIVE (5)** structured action plan for Dr. Alisha Khan to enhance the board's effectiveness to navigate the prevailing dynamics.

(15 marks)

(Total: 40 marks)

QUESTION 2

Centurion Bank's board is chaired by a non-executive, highly respected industry figure, but the boardroom is dominated by its powerful and successful CEO, Mr. David Chen. Mr. Chen has delivered exceptional shareholder returns for five years by pursuing an aggressive acquisition strategy. Board meetings are tightly controlled by him; he sets the agenda, his executive team presents lengthy, detailed reports that leave little time for debate, and he is known to react defensively to challenging questions.

Two factions have emerged on the board. One group, the "Loyalists," is composed of directors who have been on the board for years and are staunch supporters of Mr. Chen, crediting him for the bank's success. The other group, the "Skeptics," includes two recently appointed independent directors with strong risk management backgrounds. They are increasingly concerned that the pace of acquisitions is stretching the bank's integration capabilities and that due diligence is becoming a "tick-the-box" exercise.

In a recent meeting, a skeptic questioned the valuation of a proposed acquisition, and Mr. Chen publicly retorted, "Are you questioning my team's judgment, which has tripled our share price?" The exchange left the room in tense silence.

Required:

a. Analyze the board dynamics at Centurion Bank to maintain a good communication with the stakeholders:

   i. The source of power

(9 marks)

   ii. The nature of conflict

(6 marks)

b. Discuss **FIVE (5)** conflict resolution strategies that the Chairman could employ to foster more constructive debate with effective communication based on the scenario above.

(15 marks)

(Total: 30 marks)

QUESTION 3

The board of GreenFuture Energy is thinking about making a significant investment in a novel, untested solar panel technology. The company's founder and Chief Technology Officer (CTO), a brilliant but unfortunately overconfident scientist, is in favour of the plan. With stunning lab results and predictions of exponential industry expansion, he offers a compelling vision. "This is the technology that will define our legacy and save the planet," he says passionately during the board meeting. We have a 99% chance of succeeding.

The excitement spreads throughout the board and organization culture. Early on in the conversation, the Chairman, who much admires the CTO, publicly supports the project. Another influential director immediately approves, pointing out the favourable publicity the business would get for being the first. There are no significant concerns raised by the CFO, despite the financial estimates being heavily reliant on the optimistic assumptions of the CTO.

A junior director, who has some private concerns about the technology's manufacturing scalability, sees the strong consensus emerging and chooses to keep quiet. The multibillion-dollar investment is approved by the board with an overwhelming majority.

Required:

a. Determine **TWO (2)** psychological biases or heuristics that likely influenced the GreenFuture Energy culture. Provide specific examples from the scenario each.

(15 marks)

b. Illustrate **TWO (2)** specific governance mechanisms or "de-biasing" techniques the Chairman could have implemented before or during the meeting to ensure a more rational culture and critical evaluation of the investment.

(15 marks)

(Total: 30 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER