Queen Margaret University

EDINBURGH

SCHOOL OF ARTS, SOCIAL SCIENCES AND MANAGEMENT

DIVISION OF BUSINESS, ENTERPRISE AND MANAGEMENT

LEVEL 3 DIET 1

MODULE CODE: B3132

MODULE TITLE: Exploring Strategy

DATE: 9th December 2015	**TIME: 2.00PM**
WRITING TIME: 2 Hours	**READING TIME: 5 minutes**

PAPER SETTER: GORDON CAMPBELL

INSTRUCTIONS:

The paper is divided into two sections. Students should attempt **both** sections in line with the following advice.

Section One: Multiple Choice (50%)

This section of the exam comprises 25 multiple choice questions. Students should complete **all questions** on the answer sheet provided, and attach the sheet to their answer booklet. Each question is worth **two marks**.

Section Two: Essays (50%)

In this section of the exam, students should answer **Two** of the five essay questions. Answers for each question should be completed in the booklet provided. Each question answered is for 25 marks.

Please ensure before leaving the exam hall, that your multiple choice answer sheet is attached to your answer booklet.

SECTION 1: MULTIPLE CHOICE (50%)

Complete all questions:

1. Which of the following would you expect to see in a company's 'Mission Statement'?

a) A statement of why the company exists
b) A detailed description of how the organisation works
c) A statement of the organisation's key assets
d) A quantified and qualified financial target

2. Which type of strategy is concerned with the overall purpose and scope of a company?

a) Operational strategy
b) Corporate-level strategy
c) Strategic-business-level strategy
d) Business-level strategy

3. Which three of the following elements constitute the Exploring Strategy model?

a) Strategic position
b) Strategic choices
c) Strategic planning
d) Strategy in action

4. At what level should the PESTEL framework be applied when analysing the business environment of a company?

a) product
b) industry
c) society
d) company

5. Which of the following correctly describes the output from a SWOT analysis?

a) A SWOT summarises the key issues from the business environment and the strategic capability of a company.
b) A SWOT summarises the strengths and weaknesses of a company.
c) A SWOT is a substitute for environmental and industry analysis.
d) A SWOT avoids the need for evaluating strategic capability.

6. Which of the following best defines 'dynamic capabilities'?

a) A company's ability to develop and improve its employees, if they fail to meet the requirements of the managers
b) A company's ability to develop and change its core competences to meet the dynamic needs of its customers
c) A company's ability to maintain its position as the most cost efficient in its industry/sector
d) An individual's ability to develop and change competences to meet the needs of changing environments

7. An effective internal analysis of strategic capability should provide answers to which of the following questions?

a) Does the company posses the basic resources and competencies needed to survive (and flourish) in its environment?
b) What are the critical success factors that the resources must match?
c) What are the resource capabilities of the company's main rivals?
d) What market segments does the company target?

8. In the process of an 'internal analysis', which of the following is crucial to overall success?

a) Scenario planning
b) Value-chain analysis
c) Competitor analysis
d) Regulatory analysis

9. The process of stakeholder mapping primarily consists of making a judgement call on which of the following?

a) The degree of leverage each stakeholder group has to impress its expectations on the company's choice of strategies.
b) Where the stakeholder groups are physically located in relation to the company's headquarters.
c) Categorizing the scale and scope of each stakeholder due to their level of influence and leverage on the company's strategic direction.
d) Ensuring the company has considered (and regularly updates) all the possible stakeholders on its business interests.

10. Which of the following is a characteristic of a 'no frills strategic approach'?

a) Customer perception of the value of products/service
b) Focus on a small volume product lines
c) Benefits that are very different from those of its competitors and which are highly valued by it's customers
d) Low prices

11. Within the context of the 'strategic clock' a 'hybrid strategy' combines which of the following strategic elements?

a) positioning and resource based approaches
b) differentiation and cost controls
c) emergent and intended elements
d) a broad market with focus characteristics

12. The corporate parent is defined as:

a) The company 'Board of Directors'
b) The owner
c) The shareholders' appointed representative
d) The management level above S.B.U.s

13. Which of the following terms in the Ansoff matrix is used for developing new products for new markets?

a) Market penetration
b) Product development
c) Diversification
d) Market development

14. What two crucial strategic points does ‘Porter's Diamond’ highlight?

a) There are inherent reasons why some nations are more competitive than others.
b) There are credible factors why some industries, within specific nations, are more competitive than others.
c) There are no clear distinctions why some industries within nations are more competitive than others.
d) The competitiveness of different nations depends solely on the competitiveness of the various industries within that nation.

15. Which two of the following can be used as major ‘entry modes’ as methods of developing foreign markets?

a) Diversification
b) Rebranding
c) Joint venture
d) Exporting

16. Which market entry mode has i) an advantage of sharing the inherent investment risk with a partner but ii) a clear disadvantage because there is a tangible loss of competitive advantage through imitation.

a) Exporting
b) Joint venture
c) Licensing (of products/services)
d) Direct investment in the (specific) market

17. **Which two of the following are fundamental dilemmas that face managers with relation to innovation?**

  a) Technology push or market pull
  b) Estimation of tripping point
  c) How can innovation projects be correctly planned in advance
  d) Technological or broader business model innovation

18. **Which of the following are recognised as ways of managing strategic change?**

  a) Education and communication
  b) Manage by exception
  c) Coercion
  d) Reward or punishment

19. **A functional structure divides responsibilities in a company according to:**

  a) Geographic regions
  b) S. B.U.s within the company
  c) Product category divisions
  d) Primary roles (such as Marketing, Finance and Technology)

20. **Which company would be most challenged by disruptive innovation?**

  a) a single business model based on many products or services
  b) a multi-business model based on one main product or service
  c) a single business model based on one main product or service
  d) a multi-business model based on many products or services

21. **“Multi-national companies from rich countries are typically weak at serving poor consumers in developing countries”. Which aspect of Ghemawat's framework does this statement relate to?**

  a) Religious distance
  b) Economic distance
  c) Distance due to time delays
  d) Geographical distance

22. Which of the following does Yip categorise as a key "driver of internationalisation"?

a) Lead time
b) Competition
c) Mode of entry
d) Culture

23. How does a joint-venture (J.V.) differ from a strategic alliance?

a) The two terms are inter-changeable; both describe collaboration between two or more companies.
b) A J.V. is where two companies act as venture capitalists to fund the development of a third company, and a strategic alliance involves contributing expertise rather than money.
c) A J.V. is when two or more companies set up a new enterprise. A strategic alliance is a temporary collaboration to achieve a specific strategic goal.
d) A J.V. is where two companies own equal shares in a third company. A strategic alliance is where one of them is a junior partner, owning less than an equal share of the third company.

24. Which two of the following statements are seen as 'robust first-mover' advantages?

a) Reputation for being first in the market
b) Lower risk to investments
c) Optimal utilization of scarce/unique resources
d) Free riding in the market

25. How do high-tech companies (such as Cisco and Microsoft) use acquisitions as a part of their R&D strategy?

a) They research a new technology from scratch, and then merge with a company that has relevant technology know-how and scale.
b) They allow entrepreneurial start-ups to prove the idea, and then acquire these companies and incorporate their technological capabilities within their own portfolio.
c) They identify S.M.E.s at risk and invest when undervalued.
d) They work with the Government to develop the assets of S.M.E.s for national benefit.

SECTION 2: ESSAY QUESTIONS (50%)

Answer <u>two</u> of the following five questions:

1. Critically discuss the usefulness of the Resource Based View (RBV) of Strategy in the creation of strategy and organisational value. You are expected to make use of both frameworks and examples to comment on the RBV's practical strengths and weaknesses.

2. Porter's generic strategy model, and Falkner and Bowman's strategy clock, are helpful for understanding the competitive position of a company in comparison to the offerings of competitors. With reference to a company and sector of your choice, demonstrate how either may be used to map and critically analyse its relative position.

3. Discuss how two models that are used to analyse and understand the external business environment can be used to support strategy.

4. Discuss how Johnson, Whittington & Scholes' (2015) International strategy framework can be useful in developing an international strategy.
   You are expected to use short examples for each of the four aspects of the framework.

5. During the 'tripping and tipping points' on the innovation diffusion curve (S-Curve) organisations will experience significant opportunities and risks.
   With reference to a company that competes in the technology sector assess these opportunities and risks.