



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

<u>DATE: TBC December 2017</u>	<u>TIME: 2.00PM</u>
<u>WRITING TIME: 2 Hours</u>	<u>READING TIME: 5 minutes</u>

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. A company that manufactures laptops acquires an organisation that manufactures tablets. The organisation has engaged in which type of integration**
 - a) Vertical
 - b) Backward
 - c) Horizontal
 - d) Forwards

- 2. The V.R.I.O. framework refers to**
 - a) Value, rarity, immobility and organised to support
 - b) Value, rarity, inimitability and organised to support
 - c) Value, rarity, imagination and organised to support
 - d) Value, rarity, invention and organised to support

- 3. Using the power/interest stakeholder matrix, management identify that one group has a high level of interest and a high level of power. What strategy should be adopted in relation to this group?**
 - a) Keep informed
 - b) Minimal effort
 - c) Key players
 - d) Keep satisfied

4. Which of the following departments would not be part of a functional structure?

- a) Research and development
- b) Quality
- c) Procurement
- d) Communications

5. What constraints are organisations likely to face when seeking greater market penetration?

1. Retaliation from competitors
2. The risk of downsizing
3. Legal constraints

- a) 1
- b) 1 & 2
- c) 1 & 3
- d) 2 & 3

6. A key characteristic of strategic decisions is that:

- a) They result in better organisational performance.
- b) They are likely to be concerned with, or affect, the long-term direction of an organisation.
- c) They identify specific areas of strategic interest for the management of an organisation.
- d) They are normally definite decisions about the future of the organisation.

7. Porter's Diamond explains which of the following key points?

- a) Some nations tend to produce firms with sustained competitive advantages in some industries more than others.
- b) All internationally successful companies have relatively similar strategies.
- c) Production conditions are always the overriding factor in multinational industries.
- d) No company can succeed internationally without a strong domestic market base.

8. A French company has chosen to develop in international markets by concentrating all its activities in Paris and using agents to market its products to countries in Asia. What approach to international strategy is this company adopting?

- a) Transnational export
- b) Export strategy
- c) Foreign direct investment
- d) Global strategy

9. What is the name of the term used to describe the rate at which innovations spread among consumers?

- a) Radical innovation
- b) Incremental innovation
- c) The tipping point
- d) Diffusion

10. A company has a business unit that has a very large market share, and operates in a low-growth, mature market. What term is used in the B.C.G. matrix to describe this type of business unit?

- a) Star
- b) Dog
- c) Cash cow
- d) Question mark

11. Which of the following statements best defines the sustainable competitive advantage that will contribute to the inimitability of an organisations strategic capabilities?

- a) Complexity, causal ambiguity and culture / history
- b) Complexity, causal ambiguity and economies of scale
- c) Core competences, dynamic capabilities and liquidity
- d) Complexity, causal ambiguity and rarity

12. An organisation's mission can be best described as:

- a) Its Business model.
- b) The core principles and values of the organisation.
- c) The overriding purpose, in line with the values or expectations of stakeholders.
- d) A desired future state.

13. Which of the following statements best describes corporate governance?

- a) The structures and control systems by which managers and directors are held accountable
- b) The method of controlling expenditure in a no frills strategy
- c) The way that companies create value across different businesses they have interests in.
- d) The relationships among buyers, sellers, service providers and regulatory institutions in bringing products and services to the market

14. Which of the following elements are integral parts of the stages of entrepreneurial growth?

- 1. Start-up
 - 2. New Product Development
 - 3. Maturity
 - 4. Diversification
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- a) 1 & 2
 - b) 2 only
 - c) 2 & 3
 - d) 1 & 3

15. The term 'convergence' in industry analysis refers to?

- a) When previously separate industries begin to overlap in products and customers
- b) Hyper competition due to globalisation
- c) An organisation that takes a particular focus on Blue Ocean markets.
- d) When large organisations form alliances to increase domination within a particular SBU

16. The strategic resource based view argues that competitive advantage should be built on:

- a) Threshold competencies
- b) Distinctive competencies
- c) Distinctive resources
- d) Threshold resources

17. The activities that are identified within a company's value chain, are intended to add value to what specifically?

- a) The stakeholders.
- b) The customer or final user.
- c) The shareholders.
- d) The senior managers in the organisation.

18. Which of the following is considered to be a major disadvantage of organic development?

- a) The organisation shares all costs and risks.
- b) The organisation can leverage much greater control
- c) The firm is exposed to less risk of losing intellectual capital
- d) If the environment is changing quickly it takes too much time to achieve

19. KPI's are used within companies to

- a) Measure and improve performance levels
- b) Manage procedures and initiatives
- c) Determine business priorities
- d) Drive export sales growth

20. Which of the following are generally used when identifying Strategic Business Units (SBU)?

1. Market-based criteria
2. Structurally-based criteria
3. Capabilities-based criteria
4. Finance-based criteria

- a) 1, 2 & 3
- b) 1 & 2
- c) 2
- d) 1 & 3

21. A successful hybrid strategy is:

- a) Impossible to achieve in practice.
- b) A strategy that seeks to provide high perceived value, justifying a substantial price premium, usually to a selected market segment.
- c) A strategy that involves lower prices than differentiation strategies and higher benefits than low-price strategies.
- d) A strategy that moves competitive position depending on what the market and customers demand

22. Which one of the following statements are the potential benefits of 'Direction' as a methodology to managing strategic change?

- a) Maintaining control over the change process while also involving people
- b) Clarity and speed
- c) Increasing staff ownership of a decision or process
- d) Overcoming a perceived lack of information or misinformation

23. Which of the following factors could be effective in preventing a potential competitor from entering the market?

1. Retaliation
2. High capital costs
3. Low switching costs for buyers
4. Differentiation

- a) 1, 2 & 4
- b) 1 & 2
- c) 2 & 4
- d) 1 & 3

24. Which of the following factors are the most likely motivations for an organisation to complete an acquisition or merger?

1. To increase speed of entry into a rapidly changing market
2. To create consolidation opportunities
3. To use existing capabilities more successfully

- a) 1
- b) 1 & 2
- c) 1 & 3
- d) 2 & 3

25. Which of the following would not be useful in analysing a company's industrial environment?

- a) Value chain analysis
- b) Porter's 'five forces' model
- c) Competitor profiling/benchmarking
- d) Market analysis/segmentation

SECTION 2: ESSAY QUESTIONS (50%)

Answer two of the following five questions:

1. Create a PESTEL of the business environment for the UK TV and video streaming market. Then from the perspective of the BBC, discuss two of the most meaningful factors you have identified in the PESTEL.
2. Critically discuss the arguments for and against the Resource Based View (RBV) of strategy development within both slow and fast paced types of industries.
3. Organisational culture and the inherent style of leadership are argued to have a significant influence on the successful implementation of the company's strategy. Using examples, to illustrate your answer, discuss the benefits and implications that these two elements have on a successful strategic change programme.
4. Apply the Ansoff matrix for corporate strategy to a Fast Moving Consumer Goods (FMCG) company of your choice and critically discuss which zone you feel offers the most future potential to the organisation.
5. The fundamental need for progressive organisations to constantly engage with "continuous innovation" is consistently argued by many leading business strategists. Using (at least) two different organisational examples, discuss whether you agree with this position.

End of Exam