



Queen Margaret University
EDINBURGH

SCHOOL OF ARTS, SOCIAL SCIENCES AND MANAGEMENT

DIVISION OF BUSINESS, ENTERPRISE AND MANAGEMENT

LEVEL 3 DIET 2

MODULE CODE: B3132

MODULE TITLE: Exploring Strategy

<u>DATE: 23 July 2018</u>	<u>TIME: 2.00PM</u>
<u>WRITING TIME: 2 Hours</u>	<u>READING TIME: 5 minutes</u>

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.

PAPER SETTER: GORDON CAMPBELL

SECTION 1: MULTIPLE CHOICE (50%)

Complete all questions:

- 1. Which of the following statements would not be part of a V.R.I.O. framework assessment?**
 - a) To what extent and how does an organisation have bases of value creation that are rare
 - b) Ensuring financial controls are strictly followed
 - c) What aspects of value creation are difficult for others to imitate
 - d) How is the organisation structured and organised to support key capabilities

- 2. Which of the following corporate social responsibility stances, suggests the lowest level of commitment to the concept?**
 - a) Laissez-faire
 - b) Forum for stakeholder interaction
 - c) Shaper of society
 - d) Enlightened self-interest

- 3. A company develops a new product that they believe will be superior to their Customer's expectations. What type of innovation is this an example of?**
 - a) Market pull
 - b) Innovation diffusion
 - c) Process innovation
 - d) Technology push

4. Which of the following is a description of the Governance chain?

- a) Chain represents all groups that have influence on an organisation's purposes either through ownership or management
- b) The chain represents the linkage between current government legislation and the actions of an organisation
- c) Governance chain describes the reporting relationships between managers and their subordinates
- d) The governance chain concerns how the HR department looks after its employees

5. What term describes when a company begins selling new products in their existing markets?

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

6. What is the difference between a corporate Mission and a Vision?

- a) A mission specifies why the organisation exists, while the vision expresses what the organisation is trying to achieve in the foreseeable future.
- b) A vision expresses why an organisation exists, while a mission specifies what an organisation is trying to achieve in the foreseeable future.
- c) A vision is what the organisations leaders would like to achieve, while a mission is the task they have accepted as more realistic.
- d) The terms 'mission' and 'vision' refer to the same thing. The two terms are synonymous.

7. Horizontal integration can be described as:

- a) Development into activities concerned with the inputs into the company's current business
- b) Development into activities concerned with the outputs from the company's current business
- c) Development into activities which are complementary to present business model.
- d) Development into new geographical markets

8 Which of the following are dilemmas that face managers with relation to innovation strategy (according to Johnson 2014)?

1. First mover or follower?
2. Product or process innovation?
3. Technological or broader business model innovation?
4. How can innovation be planned in advance?

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

9 Which are the two axes of the BCG matrix?

- a) Growth and attractiveness
- b) Long term market attractiveness and SBU strength
- c) Sales and profitability
- d) Growth and market share

10 In business, what are their 'critical success factors'?

- a) They are the organisations major strengths, deriving from the way it deploys its resources.
- b) They are those product features that are particularly valued by customers and/or where the organisation must excel to outperform competition.
- c) They represent the secrets of success that an organisation tries to hide from rivals.
- d) They are the competencies that enable an organisation to outperform others in the same environment.

11 Which of the following are the main dangers when carrying out SWOT analysis?

1. Creating a list of factors without prioritizing them.
2. Creating a summary of other analyses and so producing general rather than specific findings.
3. Creating a feeling of over-confidence if the strengths outweigh the weaknesses.
4. Creating a view based on opportunities that ignores potential threats.

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

12 Which of the following is particular an advantage of licensing (a product or service) to another company?

- a) Combining complementary resources and knowhow
- b) Exploitation of economies of scale
- c) Full control of resources and capabilities
- d) Limits economic and financial exposure

13 Microsoft's competitive success for its Xbox games console relies heavily on the collective strength of its network of independent games developers. What term is used for this strategy that Microsoft employs?

- a) Alliance strategy
- b) Collaborative advantage
- c) Collective strategy
- d) Collective alliance

14 Which of the following is a tangible resource?

- a) Quality control procedures
- b) Leadership style
- c) Company ethos
- d) Culture

15 Which factor may explain why a specific industry experiences a significant increase in the number of mergers and acquisitions (M&A) in a particular period?

- a) High growth
- b) High profitability
- c) Innovation
- d) Falling profitability

16 Which of the decisions listed below is a tactical decision (and not a strategic decision)?

- a) Decision to invest in new plant machinery
- b) Decision to enter new into a new market
- c) Decision to evaluate supplier performance
- d) Decision to reduce product range

17 Which of the following are types of strategy identified in the hierarchy of strategies?

- 1. Market level strategy
- 2. Business level strategy
- 3. Corporate level strategy
- 4. Operational level strategy

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

18 Which of the following best defines dynamic capabilities?

- a) An organisation's ability to develop and change its staff if they fail to meet the requirements of the managers
- b) An organisation's ability to develop and change competences to meet the rapidly changing needs of customers
- c) An organisation's ability to maintain its position as the most cost efficient in its industry/sector
- d) An organisation's ability to develop and change competences to meet the needs of rapidly changing environments

19 How many different types of strategies are indentified in Faulkner & Bowman's strategy clock?

- a) Numerous, depending on the industry being assessed.
- b) Four
- c) Six
- d) Limited depending on the current business environment

20 Which of the following is a good example of a strategic gap, as defined by Kim & Mauborgne?

- a) Opportunities to improve cost efficiency
- b) Opportunities for supplier development
- c) Opportunities for promotion
- d) Opportunities for complementary products and services

21 Which of the following elements are analysed using Porter's Diamond?

- a) The sources of competition in an industry or sector
- b) The key drivers of change
- c) The reasons why some nations are more competitive than others
- d) An organisation's value chain

22 What is the main (potential) benefit of being a late mover into a new market?

- a) Free-riding & learning
- b) Economies of scale
- c) Buyer-switching costs
- d) Brand establishment

23 A functional structure divides responsibilities according to:

- a) Primary roles such as marketing, finance and technology
- b) Geographic regions
- c) Subsidiaries within the holding company
- d) Product divisions and geographic regions simultaneously

24 The 2 axis used in “the diffusion S curve” are as follows:

- a) Time and the Number of products launched.
- b) Diffusion and the Number of products launched
- c) The ‘tipping point’ and the ‘tripping point’.
- d) Diffusion and the Time period.

25 How does a joint venture (JV) differ from a Strategic Alliance?

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

SECTION 2: ESSAY QUESTIONS (50%)

Answer **two** of the following five questions:

1. A company's innovation strategy tends to revolve around the merits of 'open' or 'closed' innovation and their current business environment. Critique the advantages and disadvantages of each option, using examples to help illustrate your answer.
2. With reference to Ansoff's 'Corporate Strategy Direction' model, evaluate the strategic options available to a company (of your choice) that operates in the FMCG (Fast moving consumer goods) sector, using examples to highlight the strengths and weakness of each option.
3. Describe **two** of the following 'strategic environment frameworks in detail. Critically evaluate the analytical strength of each of those chosen frameworks and explain (with examples) of how it can enhance the quality and sustainability of strategic decisions.
 - a) The Five Forces framework
 - b) Four Links Analysis
 - c) Competitor Analysis
 - d) Customer Analysis
4. Describe both Porter's generic strategy model and Faulkner and Bowman's strategy clock. Explaining (with examples) why these frameworks are helpful in understanding the competitive position of a company in the market place. Using a company and industry sector (of your choice), demonstrate how either framework can be used to map and critically analyse its position relative to its competitive set.
5. Demonstrate (with examples) how the '3 horizons framework' can be applied to a company, highlighting the different types of strategic questions and factors that will be considered at each individual horizon.