Type: F
Title: Chapter 01 - Question 01

01) There is agreement that the role of strategy is to achieve _____ for an organization.
@ Competitive advantage is achieved by meeting consumers' needs better than competitors.
Page reference: 4
a. Competitive advantage

Type: F
Title: Chapter 01 - Question 02
02) To be sustainable, competitive advantage must be difficult for competitors to

_____.
@ If competitive advantage is not sustainable, it will not enable the organization to survive in the medium to long term. Changes in the environment can also take away the basis of competitive advantage.
Page reference: 5
a. imitate

Type: MC
Title: Chapter 01 - Question 03
03) Strategy involves matching an organization's resources to the environment. It also involves an understanding of the different relationships in which the organization is involved. These relationships are made up of:
a. Collaborators
@ No, collaborations are where one or more organizations join together on a specific project to achieve mutual benefit. Collaborators would be classed as a stakeholder.
Page reference: 6
*** b.** Stakeholders
@ Yes, stakeholders are any group or individual within or outside the organization that may care about and/or could influence the organization's strategy. Stakeholders include employees, customers, shareholders, suppliers, and many others depending on the situation.
Page reference: 6
c. Competitors
@ No, competitors are an aspect of the external environment.
Page reference: 6
d. Shareholders
@ No, shareholders are a stakeholder. There are different views on the level of priority that should be given to shareholders compared to other stakeholders.
Page reference: 6

Type: TF
Title: Chapter 01- Question 04
04) Successful strategy is based on doing well what your competitors cannot do or cannot easily do.
@ Successful strategy is based on organizational ability to recognize their distinctive capabilities; organizations can do better than others and compete in the markets which exploit these capabilities.
Page reference: 7
a. True
*** b.** False

Type: MC
Title: Chapter 01 - Question 05
05) Factors in the general or macro environment include: Please select all that apply.
@ The macro environment includes issues such as political change, economic changes, and social trends. These issues could affect all industries. Competitors and supplier relationships are specific to the competitive or industry environment.
Page reference: 8
a. Competitors
*** b.** Issues that could affect all industries

*c. Issues that could affect customer demand
d. Supplier relationships

Type: MC
Title: Chapter 01 - Question 06
06) The strategic management process involves three main phases. These are:
a. Strategy analysis, strategy formulation, strategy review
@ No, strategies need to be implemented before they can be reviewed.
Page reference: 8
b. Strategy formulation, strategy implementation, strategy review
@ No, an analysis of environment, resources and stakeholders comes before strategy formulation. However, in reality strategies can emerge without any prior analysis.
Page reference: 8
*c. Strategy analysis, strategy formulation, strategy implementation
@ Yes, these are the typical phases of the strategic management process but it doesn't necessarily happen in these discrete stages in reality.
Page reference: 8
d. Strategy analysis, strategy implementation, strategy review
@ No, strategies need to be formulated before they can be implemented. Sometimes strategies can emerge with no obvious point where they were formulated.
Page reference: 8

Type: TF
Title: Chapter 01 - Question 07
07) Strategy formulation is a conscious process that is based on the results of the strategy analysis.
a. True
@ Incorrect. Strategy formulation can also be an unconscious and intuitive process.
Page reference: 9
*b. False
@ Correct. Strategy formulation can also be an unconscious and intuitive process.
Page reference: 9

Type: F
Title: Chapter 01 - Question 08
08) When we ask the question 'why does the organization exist', we are trying to understand the _____ of the organization.
@ The purpose of the organization is fundamental to strategy development. We need to understand who the organization is there to serve.
Page reference: 9
a. purpose

Type: MC
Title: Chapter 01 - Question 09
09) Effective implementation of strategies requires:
@ Communication and coordination with stakeholders inside and outside the organization is the key for the successful implementation of strategy although it is the leader of the organization who is ultimately responsible for a strategy's success or failure.
Page reference: 10
*a. Flexible organizational structure and design.
*b. Proper coordination with stakeholders.
c. That all managers and the leaders of an organization will ultimately be responsible for a strategy's success or failure.
*d. Empowerment of managers to respond to opportunities.

Type: MC
Title: Chapter 01 - Question 10
10) A vision statement will usually express:
a. Why the organization exists

@ No, this is expressed in the organization's mission statement.
Page reference: 11
*****b.** The aspirations of the organization
@ Yes, this may be associated with the leader and will be looking to the future.
Page reference: 8
c. What the organization believes
@ No, this is expressed in the core values of the organization.
Page reference: 9
d. The values and purpose of the organization
@ No, this is expressed in the core ideology of the organization.
Page reference: 9

Type: F
Title: Chapter 01 - Question 11
11) An organization's _____ seeks to answer the question why an organization exists or "What business are we in?" as Peter Drucker argued.
@ A mission statement can be defined as a way in which the organization communicates the business it is in to the outside world.
Page reference: 11
a. mission

Type: F
Title: Chapter 01 - Question 12
12) Jim Collins and Jerry Porras argue that the _____ of an organization do not change as competitive condition changes but remain largely unchanged.
@ The core values are an organization's essential and enduring tenets, which will not be shifted with changing conditions.
Page reference: 11
a. core values

Type: TF
Title: Chapter 01- Question 13
13) Mission could be expressed as employees' emotional commitment towards the organization.
@ Mission statements are to guide employee behaviour. However, mission is different from sense of mission. A sense of mission is an emotional commitment that employees feel towards the organization.
Page reference: 11
a. True
*****b.** False

Type: F
Title: Chapter 01 - Question 14
14) An organization's purpose can be defined as the reason an organization exists beyond _____.
@ The purpose of an organization is distinct from its strategy. The strategy is the way in which the organization intends to fulfil its purpose.
Page reference: 13
a. Making a profit

Type: MR
Title: Chapter 01 - Question 15
15) The 'theory of business' (Drucker 1995) consists of: Please select all that apply.
@ The theory of business consists of the organization's assumptions but these assumptions might not reflect reality.
Page reference: 14
*****a.** An organization's assumptions
*****b.** An organization's decisions
c. The environmental conditions in which the organization operates

d. The desires of the organization's customers

Type: MC
Title: Chapter 01 - Question 16
16) Organizations are being encouraged to take an interest in business model innovation for three reasons: Please select all that apply.
@ If a business model is to remain relevant, managers must be open to innovation for both internal and external reasons. Product life cycles are getting shorter so managers have to open to innovation for the next business opportunity. External competition drives innovation of a business model rather than to keep the old one. For example, competition can come from unexpected sources due to fast technology advancement, or when the old business model will likely require change as each successive innovation offers smaller and smaller improvements to the product or service.
Page reference: 15
***a.** Product life cycles
b. Organizational values can adapt
***c.** Competition from unexpected sources
***d.** Disruptions from competitors

Type: MC
Title: Chapter 01 - Question 17
17) A decision regarding whether to acquire a business in an unrelated industry would be the concern of:
***a.** Corporate level strategy
@ Yes, corporate level strategy concerns decisions about where to compete.
Page reference: 16
b. Business level strategy
@ No, business level strategy concerns how to compete in a particular industry.
Page reference: 16
c. Functional level strategy
@ No, functional or operational strategy concerns how to operationalize the business level strategy.
Page reference: 16
d. Parent level strategy
@ No, corporate parenting is an aspect of corporate strategy. The conventional way of referring to this level of strategy is 'corporate strategy'.
Page reference: 16

Type: F
Title: Chapter 01 - Question 18
18) Business level strategy is sometimes known as _____ strategy.
@ Competitive strategy is another term for business level strategy which is concerned with ways of competing in a given industry.
Page reference: 16
a. Competitive

Type: MR
Title: Chapter 01 - Question 19
19) Strategy in the 1960s was characterized by: Please select all that apply.
@ During this era markets were relatively stable and strategy was primarily seen as a resource allocation task.
Page reference: 17
a. Unstable markets
***b.** Strategic planning with a long-term view
***c.** Stable markets
d. Very little strategic planning

Type: TF
Title: Chapter 01- Question 20

20) The resource-based view of the firm considers competitive advantage to come from appropriate positioning in a particular industry.
a. True
@ This is known as the 'positioning' approach exemplified by Porter's Five Forces.
Page reference: 17
***b.** False
@ This approach became popular in the 1990s as a challenge to the positioning approach of Porter.
Page reference: 17

Type: MC
Title: Chapter 01 - Question 21
21) The work of Andrews (1971) and Ansoff (1965) is associated with which approach?
a. The learning school
@ No, the learning school accepts that strategies can emerge and that planned strategies don't always become realized.
Page reference: 19
b. The positioning school
@ No, this approach is associated with Porter in the 1980s.
Page reference: 17
c. The resource based view
@ No, this approach became prominent in the 1990s as a challenge to the positioning approach of Porter.
Page reference: 17
***d.** The design school
@ Yes, this involves rational analysis and planning. This approach contains many useful tools but does not necessarily reflect how strategies actually come about in reality.
Page reference: 18

Type: MC
Title: Chapter 01 - Question 22
22) Dynamic capability approach increasingly gains its popularity in the strategic management field: Please select all that apply.
@ The dynamic capability approach is developed upon the resource-based theory, asserting that competitive advantage is attributable to firm-level resources and capability. The difference from the resource-based theory is that instead of setting market barriers, sustained competitive advantage from the dynamic capability approach depends on the development of new capabilities matching the external change.
Page reference: 18
***a.** Organizations have to constantly develop new capabilities as old ones become less effective.
b. Dynamic capabilities allow an organization to sustain competitive advantage based on market barriers.
c. Dynamics of organizational capabilities are determined by the change in organizational strategy.
***d.** Organizational capabilities co-evolve with the market.

Type: TF
Title: Chapter 01- Question 23
23) According to the chaos and complexity theory, over time, linear rational approaches to decision-making may be insufficient to meet the context in which organizations operate.
@ From the chaos and complexity theory, organizations are seen as non-linear feedback loops which link to other organizations by similar loops.
Page reference: 18
a. False
***b.** True

Type: MC
Title: Chapter 01 - Question 24

OXFORD
UNIVERSITY PRESS

24) The oil company Shell developed scenario planning. This allows the company to formulate its strategic alternatives. Which of the below applies to this approach of strategy formulation? Please select all that apply

@ Scenario planning allows managers to produce different, internally consistent views of what the future might turn out to be. Scenario planning is useful for companies to forecast the future of the business and how it might be influenced by internal and external developments. It falls into the rationalist school and helps with a better understanding but not really description of the real world.

Page reference: 19

*a. The model cannot represent reality because it is too complex to be adequately described.

*b. The model is useful for analysing data and provides a background for strategic decisions.

*c. It falls into the same school of thought with Porter's generic strategies.

*d. It is rational.

Type: MC
Title: Chapter 01 - Question 25

25) The selection of 'generic' strategies is most associated with which approach to strategy?

a. The emergent approach

@ No, the selection of a pre-defined generic strategy is associated with the design approach.

Page reference: 20

b. The learning school

@ No, the learning school accepts that strategies can emerge as a result of experience and learning.

Page reference: 19

c. The resource based view

@ No, the resource based view believes that internal resources are the basis of competitive advantage rather than the selection of a generic strategy to fit a particular type of competitive environment.

Page reference: 17

*d. The design school

@ Yes, the design school is characterized by a rational process of matching the internal resources to the external environment. A generic strategy is then chosen which is most appropriate for the particular competitive environment.

Page reference: 19

Type: MR
Title: Chapter 01 - Question 26

26) An intended strategy can be: Please select all that apply.

@ Mintzberg and Waters (1985) suggest that not all realized strategies (those that actually happen) were intended. They could have emerged as a result of experience and learning.

Page reference: 20

*a. Realized

*b. Deliberate

c. Emergent

*d. Unrealized

Type: F
Title: Chapter 01 - Question 27

27) Mintzberg (1996) stated 'We all know we shall get nowhere without emergent learning alongside _____'.

@ Although the different schools of thought in strategy appear to have opposing views, it is important to take something useful from all of them.

Page reference: 22

a. Deliberate planning

Type: F
Title: Chapter 01 - Question 28

28) A shareholder is an example of a _____ that could be internal and external.

@ It is not always possible to make the distinction between internal and external stakeholders. For example, an employee could also be a shareholder.
Page reference: 23
a. stakeholder

Type: MC
Title: Chapter 01 - Question 29
29) In the framework of strategic management, values determine: Please select all that apply
@ In the strategic-making process, organizational values determine the goals in the organizational sets. The goals, in turn, will determine the resources and capabilities required for these to be achieved by the company. Environmental factors are not directly affected by organizational values.
Page reference: 23
*a. Organizational goals
*b. Resources and capabilities
c. Competitive environment
d. Macro environment

Type: MR
Title: Chapter 01 - Question 30
30) The approach to strategy that is characterized by fitting the organization to the environment is also known as: Please select all that apply.
@ The positioning approach is most closely associated with the work of Michael Porter in the 1980s. The opposite view (also known as the inside-out approach) views competitive advantage as residing within the firm rather than trying to fit the firm to the environment. The inside-out approach suggests that resources can be used to create new opportunities in the environment.
Page reference: 24
*a. The positioning approach
b. The inside-out approach
c. The stretch approach
*d. The outside-in approach

OXFORD
UNIVERSITY PRESS