
Corporate strategy quiz 1

2023-01-24

20 points

45 minutes

Student name: _____

Please read each question carefully before answering.

Indicate the answer you believe to be correct for each question.

Only one answer/alternative is correct for each question. No negatives will be incurred for answering incorrectly.

Best of luck!

1. For both individuals and businesses, successful strategies are characterized by:

A) Unrelenting commitment to ambitious goals.

B) Clear goals, understanding their competitive environment, awareness of internal strengths and weaknesses, and effective implementation.

C) Meticulous planning.

D) Possessing superior abilities and resources that are then deployed to build competitive advantage.

2. There are two primary sources of competitive advantage: cost advantage and differentiation advantage.

A) True.

B) False.

3. Gr8t Food is a chain of “fast casual” restaurants that sells its menu items at higher prices than its competitors. The restaurant has a large customer base due to its wide product portfolio and superior customer service. Which of the following generic business strategies has Gr8t Food adopted in this scenario?

A) cost-leadership.

B) differentiation.

C) market penetration.

4. The competitive pressures from substitute products tend to be stronger when

A) buyers are relatively comfortable with the quality and performance of substitutes, and the costs to buyers of switching over to the substitutes are low.

B) there are more than 10 sellers of substitute products.

C) substitutes exhibit the latest in technological innovation.

D) buyers have high psychic costs in severing existing brand relationships and establishing new ones.

E) demand for the industry's product is not very price sensitive.

5. The core of a firm's business environment is comprised by:

A) Its relationships with customers, competitors and suppliers

B) Its technological environment.

C) Its relationships with all stakeholders.

D) The nation-state.

6. _____ is a powerful tool for sizing up the company's competitive assets and determining whether they can provide the foundation necessary for sustainable competitive success in the marketplace.

- A) Competitive strength analysis.
- B) Financial and asset management analysis.
- C) Value chain analysis.
- D) SWOT analysis.
- E) VRIN/VRIO tests.**

7. The “agency problem” refers to:

- A) The inability of the owners of a company to control the managers they appoint to run the company.
- B) The misalignment of goals between a principal and his/her agent.**
- C) The tendency for the CEOs of public corporations to receive excessive compensation.

8. In strategic management, the expression “blue oceans” refers to:

- A) Radical innovation.
- B) The potential offered by uncontested market space.**
- C) The campaign to reduce pollution in the world's oceans.
- D) Cost reduction through offshoring production.

9. What are the main sources for superior profitability?

- A) Tangible and intangible resources.
- B) Human resources.
- C) Industry attractiveness and competitive advantage.**

10. Strategic fit refers to:

- A) The need for a firm's strategy to be consistent with its vision, mission, and culture.
- B) The consistency of a firm's strategy with its external and internal environments.**
- C) The need for a firm's strategy to be unique.
- D) The need for a firm's strategy to fit the needs of all its stakeholders, not just shareholders.

11. Network externalities in smartphones arise primarily from:

- A) Direct user-to-user externalities.
- B) The availability of complementary products.**
- C) The popularity of the Apple iPhone.
- D) Google's decision to make its android operating system open source.

12. Which of the following is generally *not* considered as a barrier to entry?

- A) Rapid market growth.**
- B) Sizable capital requirements and an array of regulatory requirements.
- C) Strong buyer loyalty to existing brands.
- D) Sizable economies of scale in production.
- E) Difficulties in gaining access to distribution and securing adequate space of retailers' shelves.

13. The difference between a resource and a capability is that
- A) a resource refers to a company's best-executed functional strategy and a capability refers to a company's best-executed business strategy.
 - B) a resource is a competitively relevant internal activity that a firm performs especially well relative to other internal activities, whereas a capability is a competitively important activity performed by key strategic allies.
 - C) a resource represents a competitive asset that is owned or controlled by the company, whereas a capability is a competently performed internal activity that is developed through the deployment of the company's resources.**
14. _____ is identifying and appraising a company's resource strengths and weaknesses and its external opportunities and threats.
- A) SWOT analysis.**
 - B) Competitive asset/liability analysis.
 - C) Competitive positioning analysis.
 - D) Strategic resource assessment.
 - E) Company resource mapping.
15. In practice, drawing industry boundaries is:
- A) A subjective exercise that depends upon the personal preferences of top managers.
 - B) An objective exercise that requires estimating cross-elasticities of demand for the industry's products.
 - C) A matter of judgment that depends upon the purpose of the analysis.**
 - D) Critical to the output of the analysis and therefore should only be undertaken with the help of an academic or consultant.
16. The difference between substitute and complementary products may be summarized as follows:
- A) Substitutes reduce the value of a product, whereas complements increase value.**
 - B) Complements reduce the value of a product, whereas substitutes increase value.
 - C) Substitutes cannot be used together, whereas complements must be used in combination.
 - D) Complementary relationships increase the profitability of all firms engaged in supplying them; substitute relationships reduce the profitability of all firms supplying them.
17. The nature and strength of the competitive forces that prevail in an industry is generally a joint product of all of the following *except*
- A) pressures associated with rivalry among sellers to attract buyer patronage.
 - B) threats that firms outside the industry will decide to enter the market.
 - C) attempts of companies in other industries to win buyers over to their own substitute products.
 - D) pressures stemming from the bargaining power of both suppliers and buyers.
 - E) those associated with environmental forces such as climate change or water shortages.**

18. Organic organizational forms are preferable to mechanistic organizational forms:

- A) For large, diversified firms.
- B) For firms supplying consumer goods.
- C) For firms in dynamic, uncertain environments.**
- D) In countries with a well-educated workforce.

19. Identifying key success factors within an industry requires answers to the following questions:

- A) What do customers want and what should the firm do to survive competition?**
- B) What is a firm's unique selling proposition?
- C) Which of the five forces of competition most threaten a firm's survival and how could the firm deal with them?
- D) What are the main sources of a company's cost efficiency?

20. The primary distinction between corporate strategy and business strategy is:

- A) Corporate strategy is the responsibility of the CEO, business strategy is formulated by the heads of business units.
- B) Corporate strategy is concerned with where the firm competes; business strategy with how it competes in particular markets.**
- C) Corporate strategy is concerned with establishing competitive advantage; business strategy with strategy implementation in individual businesses.
- D) Corporate strategy is concerned with the long-term performance of the firm; business strategy with resource deployment.

NAME: _____

Question	Answer
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	