Contemporary Strategy Analysis 12th edition Grant Test Bank

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Contemporary Strategy Analysis 12e

TEST BANK: CHAPTER 1

The Concept of Strategy

True or False Questions

1. Strategy is a unifying theme that gives coherence and direction to the actions and decisions of an organization.
[See p.4]
*a. T
b. F

2. The successful of both President Zelensky in leading Ukrainian resistance to the 2022 Russian invasion and Taylor Swift's successful career as musician and entertainer may be attributed to their use of systematic strategic planning
[See p.4]
a. T
*b. F

3. A key component of an effective strategy is clear, consistent, long-term goals.
[See p.4]
*a. T
b. F

4. If a firm can devise a brilliant strategy, it will be successful irrespective of how effectively it is implemented.
[See p.7]
a. T
*b. F

5. A major problem of using SWOT analyses in distinguishing strengths from weaknesses and opportunities from threats.
[See p.9]
*a. T
b. F

6. "Strategic fit" refers to the consistency between a firm's strategy, its external environment, and its internal resources and capabilities.
[See pp.9-10]
*a. T
b. F

7. Contingency theory postulates that a firm's strategy must be flexible enough to meet every possible contingency.
[See pp.10]
a. T
*b. F

8. Strategy denotes an overall plan whereas a tactic is a scheme for a specific action.
[See p.12]
*a. T
b. F

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9. The principles of military strategy are rarely applicable to business situations.
[See p.12]
a. T
*b. F

10. Strategic decisions are important, involve a significant commitment of resources, and should be easily reversible.
[See p.12]
a. T
*b. F

11. The main factor causing the transition from corporate planning to strategic management was the increasing inability of companies to forecast economic conditions four or five years into the future.
[See p.12]
*a. T
b. F

12. Strategy is a detailed plan that programs the actions of an organization or an individual.
[See p.11]
a. T
*b. F

13. Strategic choices involve two basic questions: *where* and *how* to compete?
[See pp.17]
*a. T
b. F

14. In the large, complex firm, two main levels of strategy can be distinguished: *corporate* strategy and *business* (or *competitive*) strategy.
[See p.16]
*a. T
b. F

15. When describing the strategy of a firm, it is best to ignore the current positioning of the firm in order to concentrate upon the direction in which the firm will develop in the future.
[See pp.17-18]
a. T
*b. F

16. The dynamic, future-oriented dimension of a firm's strategy is described by its mission and vision statements and its performance targets.
[See p.18]
*a. T
b. F

17. The reason that a firm's realized strategy diverges from its intended strategy is because strategy making is, to a great extent, an emergent process.
[See p.19]
*a. T
b. F

18. According to Henry Mintzberg, firm strategy should be formulated by top management through rational deliberation utilizing all available data.
[See p.19]
a. T
*b. F

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19. The balance between intended and emergent strategy depends primarily upon the stability and predictability of the organization's business environment. The more stable and predictable the environment, the greater the importance of emergent strategy.
[See pp.20]
a. T
*b. F

20. Applying the tools of strategy analysis to not-for-profit organizations is simplified by the fact that they do not need to be concerned with maximizing profit.
[See pp.22-23]
a. T
*b. F

Multiple Choice Questions

1. The primary purpose of strategy is:
[See p.4]
a. To maximize shareholder value
*b. To achieve success
c. To ensure that all stakeholders benefit from the value created by the firm
d. To be a responsible corporate citizen

2. The success of both President Zelensky as a wartime leader and Taylor Swift as a musician and entertainer may be attributed to the fact that both:
[See pp.4-8]
a. Have used social media as their primary channel of communication
b. Have a knack for being in the right place at the right time
*c. Have combined clear goals with deep understanding of their competitive environment
d. Have sought popularity beyond their national borders

3. For both individuals and businesses, successful strategies are characterized by:
[See pp.4-8]
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 resources and capabilities

4. A major challenge in formulating strategies to guide our own lives is that:
[See pp.7-8]
a. It is difficult to appraise our own resources and capabilities
b. Formulating strategy is easy, implementing it requires commitment
*c. Establishing clear goals is difficult: focused goals are conducive to success in one aspect of life but often lead to failure in other aspects of life
d. Strategies are not much use when our lives are subject to frequent changes

5. The main problem of SWOT as a framework for strategy analysis is that:
[See p.9]
*a. Distinguishing opportunities from threats and strengths from weaknesses is often difficult
b. It has now been superseded by more sophisticated analytical frameworks
c. It is focused on strategy formulation and fails to take account of strategy implementation
d. It is so widely used that it no longer has any novelty

6. Strategic fit refers to:
[See pp.9-10]
a. The need for a firm's strategy to be consistent with its vision, mission, and culture

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*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

7. A conceptualization the firm as an "activity system" is a means of depicting:
[See pp.9-10]
a. How a firm's strategy should be implemented
b. The extent to which a firm's resources and capabilities are aligned with its strategic goals
c. The extent to which a firm's strategic goals are aligned with its industry environment
*d. The components of a firm's strategy and consistency with which they fit together

8. Ryanair's strategic position is as Europe's lowest-cost airline may be attributed to:
[See p.10]
a. The willingness of its CEO, Michael O'Leary, to challenge conventional notions of customer and employee satisfaction
b. Its use of secondary airports where costs are lower
c. The high operating costs of major airlines such as British Airways, Lufthansa, and Air France-KLM on short-haul routes
*d. An integrated, consistent set of activities designed to maximize productivity and minimize operating costs

9. The principal similarity between business and military strategy is that:
[See p.12]
a. They share the same objective: to annihilate rivals
*b. They share common concepts and principles
c. The nature of leadership is much the same whether in a military or business context
d. They are both concerned with tactical maneuvers to establish positions of advantage.

10. Military strategy and business strategy differ in that:
[See p.12]
a. There is no concept like tactics in business
b. Military strategy can only be learned through field experience; business strategy can be developed through analytical frameworks
*c. The objective of military strategy is to defeat the enemy; most business strategies seek coexistence rather than annihilation
d. None - there is no conceptual difference

11. Because the future cannot be known, strategy is:
[See pp.11-12]
a. Guesswork
*b. A basis for action
c. An exercise in contingency planning
d. Only useful if it is preceded by forecasting

12. Strategic decisions are those decisions that are:
[See p.12]
*a. Important, commit resources, and are irreversible
b. Long term
c. Are confined to the senior executives of an organization
d. Concerned with establishing competitive advantage

13. The main reason for the transition from corporate planning to strategic management during the late 1970s and 1980s was:
[See p.12]
a. The increasing costs of corporate planning departments
b. Disappointing outcomes of corporate diversification
*c. A more turbulent business environment that was increasingly difficult to predict
d. Growing disillusionment with central planning.

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14. Between the 1980s and 1990s the emphasis of strategic analysis shifted from:
[See p.12]
a. Corporate strategy to business strategy
*b. Industry analysis to the analysis of resources and capabilities
c. Forecasting macro trends to understanding technological change
d. Generic strategies to strategic differentiation

15. In the late 1970s and early 1980s, Michael Porter pioneered:
[See p.12]
*a. The application of industrial organization economics to strategic management
b. Empirical research into the relationship between market share and firm profitability
c. The resource-based view of the firm
d. The application of game theory to competitive analysis

16. During the 21st century, the increasing complexity of the business environment has encouraged companies to:
[See p.13]
a. Adopt new business models
b. Increase flexibility and risk containment
c. Embrace social and environmental responsibility
*d. All the above

17. The more turbulent a firm's external environment, the more must its strategy:
[See p.11]
a. Be formulated top-down rather than bottom-up
*b. Be about direction rather than specific plans
c. Emphasize innovation
d. Rely upon inputs from external consultants

18. When a firm's external environment becomes increasingly unpredictable:
[See p.11]
*a. Strategy becomes an increasingly important in providing direction for the business
b. Strategy becomes based upon intuition rather than analysis
c. Cost cutting becomes a dominant priority
d. Firm's need to be guided by performance targets rather than by strategy

19. Strategy assists the quality of strategic decision making by:
[See pp.11-13]
a. Expanding the range of decision alternatives under consideration
b. Ensuring that decisions are concentrated in the firm's top management team
*c. Facilitating the use of analytical tools
d. All of the above

20. Which of the following is not one of the ways in which a systematic, strategy-making process improves an organization's decision making:
[See pp.11-14]
a. Reducing the number of choices being considered
b. Integrating and pooling the knowledge of different members of the organization
c. Facilitating the use of analytic tools
*d. Providing algorithms that generate optimal solutions to strategic problems

21. A description of a company's organizational purpose is called a:
[See p.15]
a. Vision statement
b. Values statement
*c. Mission statement
d. All the above

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22. When identifying a company's strategy, its statements of a strategy found in its public documents need to be:
[See p.15]
a. Treated with skepticism
*b. Checked against the company's decisions and actions
c. Interpreted using modern techniques of textual analysis
d. Checked against its statements of vision and mission

23. The primary distinction between corporate strategy and business strategy is:
[See pp.16-17]
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.

24. The two questions of "where" and "how" to compete define:
[See pp. 15-16]
*a. A firm's corporate and business strategies
b. A firm's strategic management process
c. A firm's vision and mission
d. A firm's values and culture

25. Business strategy defines:
[See p.16]
*a. How a firm competes in a particular industry or market
b. Which industries or markets a firm chooses to compete in
c. Both of the above
d. Neither of the above

26. "Competing with dual strategies" refers to :
[See p.18]
a. The need to reconcile cost leadership with differentiation advantage
*b. The need to compete for tomorrow while also computing for today
c. The need to keep abreast of technological change
d. Being both innovative and efficient

27. The relationship between design and emergence in strategy making is best described as:
[See pp.18-19]
a. An interactive process between strategic planners and line managers
b. A tension between the forces of centralization and decentralization
*c. A process in which intended strategy is adapted as it is implemented
d. An example of the agency problem in which the interests of salaried managers displace the interests of owners

29. The extent to which an organization's strategy is determined by decentralized emergence rather than by centralized design depends mainly upon:
[See p.19]
*a. How turbulent and unpredictable is the external environment of the organization
b. How the organization is structured
c. The commitment of the organization to experimentation
d. Whether the organization has a formalized process of strategic planning.

30. The main value of analytical approaches to strategy formulation is:

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[See pp.20-21]
a. To identify the optimal strategy that a firm should adopt
*b. To provide understanding of strategic issues
c. To substitute for manager's intuition and creativity
d. To ensure that strategic decision-making is assigned to the capable people within the organization

31. The applicability of the tools and techniques of strategy analysis to not-for-profit organizations is:
[See pp.22-23]
*a. Greater for organizations that face competition than those that do not
b. Greater for organizations that charge for their services than those which do not
c. Greater for organizations that compete for funding than those which compete for customers.
d. Is severely limited by the lack of a profit motive

32. For charities and other not-for-profit organizations that supply goods and services for free, the most important focus for strategy making tends to be:
[See p.23]
"a. Competing in the market for finance from donors and other sources
b. Competing with other organizations seeking to supply similar goods or services to the same consumers
c. Establishing internal consensus around organizational goals
d. Managing relations with government and regulatory bodies

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