

Strategic Management in Action, 6e (Coulter)
Chapter 2 The Context of Managing Strategically

1) When an organization has numerous internal strengths, it is said to have a competitive advantage.

Answer: FALSE

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

2) In the industrial organization (I/O) view, the focus of strategic analysis is on the internal situation of the organization.

Answer: FALSE

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

3) The industrial organization (I/O) view proposes that an organization's competitive advantage is only temporary and can be gained only by peppering the competitive marketplace with rapid radical surprises.

Answer: FALSE

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

4) The resource-based view focuses on the structural forces within an industry, the firm's competitive environment, and how these influence competitive advantage.

Answer: FALSE

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

5) The resources-based view (RBV) takes the approach that a firm's resources are more important than industry structure in getting and keeping competitive advantage.

Answer: TRUE

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

6) The resource-based view (RBV) only focuses on the internal factors, with no regard for the organization's external factors.

Answer: FALSE

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

7) Physical assets encompass the actual and potential debt and equity used by the organization as well as any retained earnings or other financial holdings.

Answer: FALSE

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

8) According to the resource-based view, a firm's resources should add value, be rare, be exploited, and easy to duplicate or substitute.

Answer: FALSE

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

9) According to the guerrilla-based view, a firm's competitive advantage is temporary.

Answer: TRUE

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

10) Globalization is one of the driving forces in the twenty-first century business environment.

Answer: TRUE

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Multicultural and Diversity

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

11) Technology has significantly impacted how a creative idea is turned into a product or process that can be used or sold.

Answer: TRUE

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

12) The new business environment's driving forces include continual change, the reduced need for physical assets, vanishing distance and compressed time, and increased vulnerability.

Answer: TRUE

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

13) Factors critical to success in the new business environment are the ability to embrace change, creativity and innovation capabilities, and being a world-class organization.

Answer: TRUE

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

14) Stakeholders are individuals or groups who have a stake in or are significantly influenced by an organization's decisions and actions and who, in turn, can influence the organization.

Answer: TRUE

Diff: 2 Page Ref: 43

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

15) Corporate social responsibility (CSR) is the obligation of organizational decision makers to make decisions and act in ways that recognize the interrelatedness of business and society.

Answer: TRUE

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Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

16) Milton Friedman is an advocate of a contemporary view of social responsibility.

Answer: FALSE

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Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

17) An example of a potential organizational stakeholder is a trade association.

Answer: TRUE

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Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

18) Ethics involves the principles that define right and wrong decisions and behavior in a work setting.

Answer: TRUE

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Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

19) An organizational vision is a broad comprehensive picture of what a leader wants an organization to become.

Answer: TRUE

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Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Analytical Skills

Objective: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

20) Organization change is defined as a structured transition in what an organization does and how it does it.

Answer: TRUE

Diff: 3 Page Ref: 38

Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Explain how to manage resistance to change

21) Technology is using only equipment to perform tasks.

Answer: FALSE

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

22) Competitive advantage can best be described as

A) increased efficiency.

B) what sets an organization apart.

C) a strength of the organization.

D) intangible resources.

E) aggressive research and development.

Answer: B

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

23) Which of the following organization(s) need to have a competitive advantage to survive in the long-term?

A) Government agencies

B) Community arts organizations

C) Social service groups

D) For-profit companies

E) All of the answer choices are correct.

Answer: E

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

24) The competitive advantage perspective that focuses on structural forces within an industry, the competitive environment of firms, and how these influence competitive advantage is

- A) the industrial-organizational view.
- B) the resource-based view.
- C) the guerilla view.
- D) None of these answers is correct.
- E) All of these answers are correct.

Answer: A

Diff: 2 Page Ref: 30

Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

25) Which of the following factor(s) is(are) considered to make an organization's resources unique?

- A) Durability
- B) Imitability
- C) Quality
- D) Efficiency
- E) Effectiveness

Answer: B

Diff: 2 Page Ref: 31

Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

26) Experiences, characteristics, and knowledge are all aspects that represent

- A) financial resources.
- B) intangible resources.
- C) human resources.
- D) physical resources.
- E) structural resources.

Answer: C

Diff: 2 Page Ref: 30

Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

27) All of the following characteristic(s) reflect the uniqueness of a resource including

- A) no other competing firms possess the resource.
- B) the resource is hard to imitate.
- C) the resource adds value.
- D) the organization should be able to exploit the resource.
- E) All of the answer choices are correct.

Answer: E

Diff: 2 Page Ref: 31

Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

28) Imitability of a resource can occur through

- A) duplication.
- B) exploitation.
- C) substitution.
- D) duplication and substitution.
- E) None of the answer choices is correct.

Answer: D

Diff: 3 Page Ref: 32

Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

29) An organization's attempt at creating and sustaining a long-term competitive advantage can be disrupted through

- A) technological advances.
- B) market instability.
- C) government legislation.
- D) All of the answer choices are correct.
- E) None of the above affect long-term competitive advantage.

Answer: D

Diff: 2 Page Ref: 33

Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

30) According to the guerrilla view of competitive advantage, the state of an organization's competitive advantage is

- A) temporary.
- B) long term.
- C) long term based on the role of strategic leadership.
- D) able to provide stable cash flows.
- E) None of the answer choices is correct.

Answer: A

Diff: 2 Page Ref: 33

Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

31) American Airlines starting an airfare war by drastically reducing prices is an example of a change in the _____ environment.

- A) internal
- B) external
- C) resource
- D) modified environment
- E) None of the answer choices is correct.

Answer: B

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

32) All of the following reflect important issues in the new business environment **except**

- A) the information revolution.
- B) technological advances and breakthroughs.
- C) globalization.
- D) All of the answer choices are correct.
- E) None of the answer choices is correct.

Answer: D

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Use of Information Technology

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

33) The ability to access information with great speed reflects the impact of

- A) the information revolution.
- B) technological advances and breakthroughs.
- C) globalization.
- D) All of the answer choices are correct.
- E) None of the answer choices is correct.

Answer: A

Diff: 2 Page Ref: 35

Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Use of Information Technology

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

34) The use of equipment, materials, knowledge, and experience to perform tasks is defined as

- A) the information revolution.
- B) technology.
- C) globalization.
- D) resource allocation.
- E) labor allocation.

Answer: B

Diff: 1 Page Ref: 35

Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Use of Information Technology

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

35) _____ is the process of taking a creative idea and turning it into a product or process that can be used or sold.

- A) Technology
- B) Innovation
- C) Invention
- D) Discovery
- E) All of the answer choices are correct.

Answer: B

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

36) The influence of globalization in managing strategically can be demonstrated in

- A) the global marketplace.
- B) global competition.
- C) the organization itself.
- D) global competitors and the global marketplace.
- E) None of the answer choices is correct.

Answer: D

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

37) Purchasing and sending electronic greeting cards through a web site could represent a(n) _____ for a traditional greeting card company like Hallmark.

- A) organizational change
- B) stable vision
- C) physical change
- D) All of the answer choices are correct.
- E) None of the answer choices is correct.

Answer: A

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

38) One of the effects of the driving forces in the new business environment is

- A) vanishing distance.
- B) the reduced need for physical assets.
- C) compressed time.
- D) continual turbulence.
- E) All of the answer choices are correct.

Answer: E

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

- 39) Capitalizing on information, people, ideas, and knowledge characterizes the implication of
- A) vanishing distance.
 - B) reduced need for physical assets.
 - C) compressed time.
 - D) turbulent change.
 - E) All of the answer choices are correct.

Answer: B

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

- 40) _____ is defined as a structured transition in what an organization does and how it does it.

- A) Strategy
- B) Strategic management
- C) Organizational change
- D) Globalization
- E) Technology

Answer: C

Diff: 2 Page Ref: 38

Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

- 41) Instant interactivity reflects the environment of

- A) reduced need for physical assets.
- B) compressed time.
- C) vanishing distance.
- D) constant change.
- E) All of the answer choices are correct.

Answer: B

Diff: 2 Page Ref: 39

Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

42) Companies such as Google and Apple are finding that they can achieve a sustainable competitive advantage with

- A) physical assets.
- B) physical distance.
- C) non-physical assets.
- D) vanishing distance.
- E) All of the answer choices are correct.

Answer: C

Diff: 3 Page Ref: 38

Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

43) The three components that form the three critical success factors include

- A) the ability to embrace change, creativity and innovation capabilities, and being a world-class organization.
- B) strategy formulation, strategy implementation, and strategy evaluation.
- C) corporate, functional, and competitive strategies.
- D) All of the answer choices are correct.
- E) None of the answer choices is correct.

Answer: A

Diff: 2 Page Ref: 39

Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

44) Which of the following is a characteristic of a world-class organization?

- A) An authoritarian climate
- B) A strong customer focus
- C) A bureaucratic organization structure
- D) A strong marketing department
- E) A functional organizational structure

Answer: B

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

45) Change agents are

- A) manipulators that facilitate change to improve an organization's revenue.
- B) those who initiate and oversee the change efforts.
- C) the leader who single-handedly is responsible for an organization's success through authoritarian leadership.
- D) All of the answer choices are correct.
- E) None of the answer choices is correct.

Answer: B

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

46) _____ and _____ are critical to strategic success in the new business environment.

- A) Innovation; creativity
- B) Formulation; innovation
- C) Turbulence; stagnation
- D) All of the answer choices are correct.
- E) None of the answer choices is correct

Answer: A

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

47) The following are all components of an organizational vision **except**

- A) a strong connection to the organization's core values and beliefs.
- B) strategy based on the results of a focus group.
- C) elaboration of a purpose for the organization.
- D) summary of the organization's operations or what it does.
- E) specification of broad goals.

Answer: B

Diff: 2 Page Ref: 41

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

48) An organization will have _____ mission(s), but _____ vision(s).

- A) several; several
- B) one; several
- C) several; one
- D) one; one
- E) None of the answer choices is correct.

Answer: C

Diff: 3 Page Ref: 42

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

49) Which of the following is not an example of a stakeholder?

- A) Political action groups
- B) Trade associations
- C) Customers
- D) Government
- E) All of the above are stakeholders.

Answer: E

Diff: 2 Page Ref: 43

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

50) Corporate social responsibility (CSR) is the obligation of _____ to make decisions and act in ways that recognize the interrelatedness of business and society.

- A) society
- B) stakeholders
- C) community
- D) organizational decision makers
- E) competitors

Answer: D

Diff: 3 Page Ref: 43

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

51) The United States Congress could represent the _____ form of stakeholders.

- A) political action groups
- B) supplier
- C) government
- D) social action groups
- E) shareholder

Answer: C

Diff: 2 Page Ref: 44

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Analytical Skills

Objective: Discuss the role of ethics and social responsibility in strategic management

52) The traditional view of social responsibility states that

- A) corporations should exist only to represent the stockholders.
- B) corporations must represent all stakeholder groups.
- C) corporations should operate on the basis of their suppliers' interests.
- D) corporations function as a measure of consumer behavior.
- E) corporations forecast their goals on the basis of pending legislation.

Answer: A

Diff: 1 Page Ref: 43

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

53) Ethics is both a(n) _____ and _____ issue and should be part of the strategic management process.

- A) inconsequential; organizational
- B) personal; organizational
- C) organizational; contemporary
- D) None of the answer choices is correct.
- E) All of the answer choices are correct.

Answer: B

Diff: 2 Page Ref: 44

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

54) Ethics can be defined as

- A) the obligation of organizational decision makers to make decisions and act in ways that recognize the interrelatedness of business and society.
- B) the intentional and ongoing actions of an organization to continuously transform itself by acquiring information and knowledge.
- C) the rules and principles that define right and wrong decisions and behavior.
- D) making decisions and implementing strategies that allow an organization to develop and maintain a competitive advantage.
- E) the international linkage of economies and culture that fosters a business and competitive situation in which organizations have no national boundaries.

Answer: C

Diff: 1 Page Ref: 44

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

55) An example of ethical behavior by an organization would be

- A) a chemical company dumping toxic waste into a lake.
- B) a cigarette manufacturer that fails to warn potential consumers about the hazards of tobacco.
- C) a toy company that makes products that might be life threatening.
- D) a company that develops a fund-raising campaign that would help its primary consumer group.
- E) None of the answer choices is correct.

Answer: D

Diff: 2 Page Ref: 44

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Ethical Reasoning, Analytical Skills

Objective: Discuss the role of ethics and social responsibility in strategic management

56) The _____ should elaborate a purpose for the organization.

- A) vision
- B) competitive strategy
- C) mission
- D) strategy
- E) None of the answer choices is correct.

Answer: A

Diff: 1 Page Ref: 42

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Reflective Thinking

Objective: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

57) A _____ statement is a statement of what specific organizational units do and what they hope to accomplish.

- A) vision
- B) strategy
- C) technology
- D) mission
- E) corporate social responsibility

Answer: D

Diff: 2 Page Ref: 42

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Analytical Skills

Objective: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

Shelley Gibson, the new CEO of Picture Perfect Painting, has been hired to help this company regain its number one market position. You have been asked to give Ms. Gibson advice to assist her in understanding the context in which the company is working.

58) Which of the following best describes the competitive advantage perspective that looks at the impact of external factors?

- A) Resource-based view
- B) Guerilla view
- C) Industrial organization view
- D) All of the answer choices are correct.
- E) None of the answer choices is correct.

Answer: C

Diff: 2 Page Ref: 30

Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

59) Ms. Gibson has decided the company's employees are their best organizational asset. This asset is an example of which type of resource?

- A) Financial assets
- B) Physical assets
- C) Human resource assets
- D) Intangible assets
- E) Structural-cultural assets

Answer: C

Diff: 2 Page Ref: 30

Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

60) Ms. Gibson has come up with the idea of offering free house painting if the job is not ~~completed within the time agreed. Which of the following best describes the competitive~~ _____

advantage perspective that Ms. Gibson is proposing?

- A) Resource-based view
- B) Guerilla view
- C) Industrial organization view
- D) All of the answer choices are correct.
- E) None of the answer choices is correct.

Answer: B

Diff: 2 Page Ref: 33

Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

61) As the consultant, you propose to Ms. Gibson that she think about the way Picture Perfect Company operates. You are suggesting the company review which of the following?

- A) Its digital technology
- B) Its network capabilities
- C) Its technology
- D) All of the answer choices are correct.
- E) None of the answer choices is correct.

Answer: C

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Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills; Use of Information Technology

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

62) As you are studying Picture Perfect Painting's context, it seems clear that the company will have to prepare itself for continual turbulence and change. Which of the following best describes the driving forces for change that could affect the company's future?

- A) Reduced need for physical assets
- B) Vanishing distance and compressed time
- C) Increased vulnerability
- D) All of the answer choices are correct.
- E) None of the answer choices is correct.

Answer: D

Diff: 2 Page Ref: 38

Topic: Explain the Driving Forces, Implications, and Critical Success Factors of the Business Environment

AACSB: Analytical Skills

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

63) Compare and contrast the industrial organization (I/O) and resource-based views (RBV).
Answer: The I/O view develops a competitive advantage by positioning in the industry whereas the RBV view advocates that the organization possess unique organizational assets and capabilities. The focus of analysis with the I/O view is external and the RBV view's focus of analysis is internal. The major concern with the I/O and RBV views is competition and competencies, respectively. Determinants of profitability in the I/O view refer to the characteristics of the industry and the firm's position within the industry. With the RBV view, the determinants of profitability refer to the type, amount, and nature of the firm's resources.

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Reflective Thinking

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

64) What makes organizational resources unique?

Answer: The resource-based view of managing strategically emphasizes the uniqueness of resources as a means of developing and sustaining a competitive advantage. Organizational resources should add value to the organization. The resource should be rare and not subject to duplication or substitution. Additionally, the organization should be able to exploit the resource as a competitive advantage.

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Reflective Thinking

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

65) Explain the guerrilla view of managing strategically.

Answer: The guerrilla view emphasizes that competitive advantage should be a temporary notion for the organization. An organization's profitability will be hinged on its ability to change and radically surprise competitors with strategic actions. The focus of analysis in the guerrilla view is both external and internal. The strategic choice is surprising competitors and rapidly and repeatedly disrupting the current situations.

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Topic: Describe the Different Perspectives on Competitive Advantage

AACSB: Reflective Thinking

Objective: Discuss strategies that companies use to acquire and maintain competitive advantages

66) Define stakeholders. Describe some potential organizational stakeholders. Why are stakeholders important?

Answer: Stakeholders are individuals or groups who have a stake in, or are significantly influenced by, an organization's decisions and actions and who, in turn, can influence the organization. Some stakeholders for an organization include customers, trade associations, suppliers, employees, and governments. Stakeholders could affect the viability of the organization and future profitability.

Diff: 3 Page Ref: 43-44

Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Reflective Thinking, Ethical Reasoning

Objective: Discuss the role of ethics and social responsibility in strategic management

67) Describe the traditional view of corporations.

Answer: The traditional view of corporations was that they existed solely to serve the interests of one stakeholder group - the corporation's stockholders. The major proponent of this view was Milton Friedman, who argued that corporate social programs and actions must be paid for in some way, which adds to the costs of doing business.

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Topic: Discuss Two Organizational Elements That Guide Strategic Decision Makers in Managing Strategically in Today's Context

AACSB: Reflective Thinking

Objective: Discuss the role of ethics and social responsibility in strategic management