

Innovation quiz 2

2024-03-27

18 points

45 minutes

Student name: _____

Please read each question carefully before answering. Indicate the answer you believe to be correct for each question at the back-end of the quiz. No negative points will be assigned for a wrong answer.

Best of luck!

1) A firm cannot collaborate with its competitor.

A) True.

B) False.

2) Organizational routines help to explain the behavior and evolution of organizations. Which of the following is not a characteristic of routines:

A) Regular and predictable.

B) Collective, social and tacit.

C) Easily observable and measured.

D) Guide cognition, behavior and performance.

3) Ceramic Customs Corp. required a specific type of ceramic to make its tiles. Since there was only one supplier for that particular ceramic, the firm was forced to source all of its supplies from it. The firm tried negotiating the price of the material but failed to get any reduction on the cost. This was because:

A) the supplier had more bargaining power than the firm.

B) the supply was unlimited.

C) the supply exceeded the demand.

D) the industry had barriers to entry.

4) In order for an innovation to endow the firm with a sustainable competitive advantage, it has to meet the resource-based criteria of:

A) AACSB.

B) VRIN/VRIO.

C) TQM.

D) ROE.

5) A resource can be extremely difficult to imitate if:

A) it can be readily codified in written form.

B) it is not path dependent.

C) it arises through the complex interaction of multiple people.

D) it is clear how the resource gives rise to value.

6) Factors that make it difficult or expensive to change suppliers or buyers are referred to as _____.

A) transactional costs.

B) monopoly costs.

C) marginal costs.

D) switching costs.

7) When Faslow Medical Center in Exeter County changed its name to Faslow Hospital, it also unveiled a plan to build a medical tower that would double its physical facilities by 100 percent within the next 10 years. It also announced that its goal was to not only serve Exeter County but also serve the entire region including the five contiguous counties. This is most accurately an expression of:

A) vertical integration.

B) strategic intent.

C) monopoly rent.

D) supplier bargaining power.

8) _____ offers a fast way for a firm to extend the reach of its technology that is nearly free and offers the potential for royalties.

A) Licensing out a technology.

B) Forming a joint venture.

C) Solo internal development.

D) Vertical integration.

9) Greyer Corp. has developed a special drug that kills cancer cells. While the scientists at Greyer have the knowledge, they are short on equipment, money, and marketing know-how. In this situation, the most appropriate step for Greyer would be to:

A) give up the idea of selling the drug altogether.

B) find a partner to collaborate with to sell the drug.

C) forge forward and develop the drug on its own.

D) come up with a completely new drug.

10) At Tech Edge Inc., a special team is set up for designing and developing a robot capable of assisting visually impaired individuals with their daily chores. The members of the team are specialists from various divisions of the firm, including R&D, marketing, manufacturing, and distribution. The new team is put under the charge of a senior manager. This team is most accurately an example of a:

A) cross-functional team.

B) laggard team.

C) homogeneous team.

D) self-directed work team.

11) Which of the following statements is true of a firm with a long development cycle time?

A) It can quickly revise or upgrade its product offering.

B) It is more likely to have a high cost of capital.

C) It can take advantage of both first-mover and second-mover advantages.

D) It is more likely to be able to fully amortize the fixed costs of development before that generation becomes obsolete.

12) Perfecto Espresso Corp. is a chain of coffee shops in the United States. Earlier it used to source its coffee from several coffee suppliers. However, recently it started its own coffee plantation to supply its coffee shops. This is an example of:

- A) forward vertical integration.
- B) backward vertical integration.**
- C) horizontal integration.
- D) substitution.

13) Alumplus Aluminum Company has come up with a new type of metal. However, producing it would take up 75 percent of its manufacturing capacity and would hinder its ability to continue producing its other products. Alumplus Aluminum hires LM Group of Manufacturers to manufacture the new type of metal. This collaborative arrangement is most likely to be classified as _____.

- A) outsourcing.**
- B) disintermediation.
- C) capability complementation.
- D) solo internal development.

14) Since much innovation arises from experimentation and improvisation, the _____ organization structure is typically considered better suited for innovation despite its possible detriment to efficiency.

- A) mechanistic.
- B) formalized.
- C) standardized.
- D) organic.**

15) Since larger companies tend to have more bureaucracy, fixed costs, and commitments to large numbers of employees, customers, and suppliers than smaller firms, you can expect it to _____.

- A) gamble more on big changes.
- B) be less responsive to technological changes.**
- C) find it much simpler to monitor employees and reward them for their effort or success at innovation.
- D) experience higher rates of new product success.

16) Customers who face the same general needs of the marketplace but are likely to experience them months or years earlier than the rest of the market and stand to benefit disproportionately from solutions to those needs are referred to as _____.

- A) laggards.
- B) intrapreneurs.
- C) early followers.
- D) lead users.**

17) Urban Fashions Corp. has become very successful in the last few years and now employs a large number of people. Serena, the owner of the firm, had been very informal in running the company. However, because of the increase in the size of the firm, she now feels that the informal ways of management have become ineffective. In order to structure the behavior of employees, Serena wants to introduce written codes of conduct and regulations into the firm. This change being introduced in the company by Serena is referred to as _____.

- A) disintermediation.
- B) formalization.**
- C) nationalization.
- D) decentralization.

18) The vice president of Biomedics Inc. is trying to decide the composition of a new product development team. If she chooses members from multiple functional areas in the firm, which of the following disadvantages is she most likely to experience?

- A) Increase in instances of whistleblowing.
- B) Increase in communication and coordination costs.**
- C) Less cross-fertilization of ideas.
- D) Fewer instances of social loafing.

STUDENT NAME: _____

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