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**CHRISTIAN SERVICE UNIVERSITY COLLEGE  
KUMASI, GHANA**

**CSUC SCHOOL OF BUSINESS**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**MSC ACCOUNTING AND FINANCE**

**END OF FIRST SEMESTER EXAMINATIONS – 2021/2022 ACADEMIC YEAR**

**LEVEL 500**

**MASF 507: CORPORATE STRATEGY, GOVERNANCE, AND ETHICS**

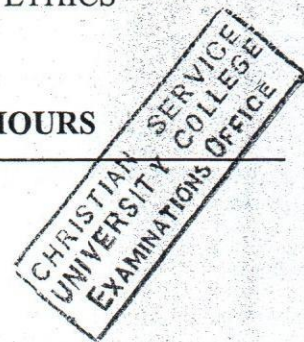
**APRIL 2022**

**100 MARKS**

**TIME ALLOWED: 3 HOURS**

**GENERAL INSTRUCTIONS TO CANDIDATES:**

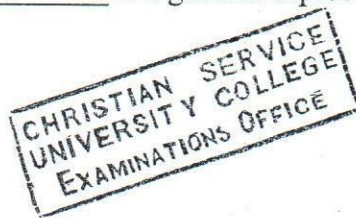
- This examination comprises **THREE SECTIONS** – A, B, and C.
- **Section A** is compulsory questions. You must answer all.
- You are required to answer **ONE** question on Section B
- You are required to answer **ONE** question on Section C
- Write your index number and your signature at the top of the question paper and on every page of the answer booklet used.



**SECTION A (50 MARKS)**

**Answer all questions. Each Question carries ONE (1) mark**

1. The \_\_\_\_\_ focuses on the role of board directors in providing access to resources needed by the firm.
  - A. Stewardship theory
  - B. Agency theory
  - C. Resource dependency theory
  - D. Stakeholder theory
2. A \_\_\_\_\_ is a general expression of the overall purpose of the organisation.
  - A. Vision
  - B. Mission
  - C. Goal
  - D. Objective
3. Which of the following examples is not an advantage of good corporate governance?
  - A. Expanding the company's shareholder base
  - B. Reducing perceived risk to investors
  - C. Increasing the cost of capital
  - D. Increase market confidence
4. The goal of corporate governance and business ethics education is to \_\_\_\_\_.
  - A. Increase the workload for accounting students
  - B. Create more ethics standards by which corporate professionals must operate
  - C. Change how is taught to students
  - D. Upload personal integrity into the society
5. The moral principles that govern a person's behaviour or the conducting of activity are known as \_\_\_\_\_.
  - A. Mission
  - B. Ethics
  - C. Business ethics
  - D. Objective
6. All the following are parts of the strategy-evaluation activities, except \_\_\_\_\_.
  - A. Review external and internal factors that are the bases for current strategies
  - B. Measure performance



- C. Take corrective actions
- D. Implementation of the strategy

7. A \_\_\_\_\_ is any person, company, or institution that owns shares in a company's stock.

- A. Stakeholder
- B. Shareholder
- C. Borrower
- D. Nonparticipants

8. The \_\_\_\_\_ can be defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives.

- A. Business Management
- B. Strategic Management
- C. Resource Management
- D. Strategy Formulation



9. The critical skill for the successful execution of a business strategy is \_\_\_\_\_.

- A. Human or interpersonal skills
- B. Technical skills
- C. Technological skills
- D. Conceptual skills

10. The main tasks of corporate strategy include all the following, except \_\_\_\_\_.

- A. Allocation of resources
- B. Business plan
- C. Portfolio management
- D. Strategic trade-offs

11. The question "*What do we want to become?*" helps the management to define the \_\_\_\_\_ of the organization.

- A. Mission statement
- B. Vision statement
- C. Values
- D. None of the above

12. Identify the following statement, "*To be a university of choice, where Jesus is Lord and people are empowered to impact the world.*"

- A. Vision statement
- B. Mission statement

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- C. Value statement
- D. None of the above

13. Which of the following is NOT an example of corporate governance practice?

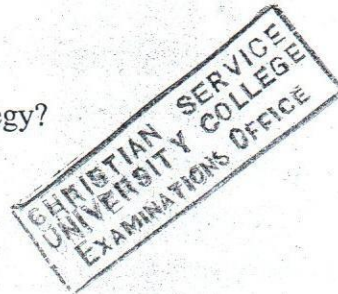
- A. Codes of conduct for directors
- B. Requirements that most board directors be independent
- C. Formation of a nominating committee to identify potential new directors
- D. None of the above. They are all examples of corporate governance

14. Who runs the company operations for large companies?

- A. Shareholders
- B. Board of directors
- C. External auditors
- D. Stakeholders

15. Which of the following is an example of a Growth strategy?

- A. No change strategy
- B. Pause/proceed strategy
- C. Market expansion strategy
- D. Divestment strategy



16. The desired future state of the organisation is known as \_\_\_\_\_.

- A. Mission
- B. Vision
- C. Goal
- D. Operations

17. The question, "What Is Our Business?" helps the organization to define its \_\_\_\_\_.

- A. Vision statement
- B. Mission statement
- C. Value statement
- D. None of the above

18. The \_\_\_\_\_ is concerned with the overall scope of an organisation and how value will be added to the different parts (business units) of the organisation.

- A. Corporate-level strategy
- B. Business-level strategy
- C. Operational strategy
- D. Strategic direction

19. All the following are steps of strategic management process, except \_\_\_\_\_.

- A. Strategy formulation
- B. Strategy implementation
- C. Strategy evaluation
- D. Strategy hierarchy

20. The \_\_\_\_\_ refers to the actual stage of executing the formulated strategy.

- A. Strategy implementation
- B. Strategy formulation
- C. Strategy evaluation
- D. Strategy-supportive culture



21. Strategy analysis is the starting point of the strategic management process and consists of the \_\_\_\_\_

- A. analysis only of the vision, mission, and objectives of the firm.
- B. analysis of the relevant internal and external environmental factors only.
- C. analysis of relevant competitors only.
- D. matching of vision, mission, and objectives with the relevant internal and external environmental factors.

22. SWOT analysis is a framework for analyzing the internal and external environment of a company. It consists of strengths, weaknesses, opportunities, and threats. According to a SWOT analysis, which of the following is NOT an aspect that the strategy of the firm must follow?

- A. build on its weaknesses
- B. remedy the weaknesses or work around them
- C. take advantage of the opportunities presented by the environment
- D. protect the firm from the threats

23. Scenario planning is a useful technique for firms competing in industries characterized by \_\_\_\_\_ and \_\_\_\_\_.

- A. predictability; stability
- B. low profit margins; stability
- C. unpredictability; change
- D. high profit margins; stability



24. The resource-based view (RBV) of the firm combines the following two perspectives:

- A. the primary and support activities of the firm.
- B. the interrelationships among the primary activities of the firm and corporate

management.

C. the internal analysis of the firm and the external analysis of the industry and competitive environment.

D. the industry and the competitive environment.

25. In the SWOT framework, \_\_\_\_\_ are the same for all firms in the same competitive environment.

A. strengths and weaknesses

B. strengths and opportunities

C. weaknesses and threats

D. opportunities and threats

26. Which of the following is **NOT** a reason for merger and acquisition failures?

A. The acquiring company pays a large premium for the common stock of the target company.

B. Top executives act in their best interests rather than those of the shareholders.

C. The acquisition leads to value creation.

D. The acquired company assets are poorly integrated into the acquiring company business lines.

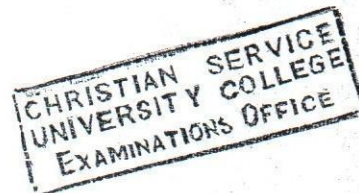
27. Steve Jobs, former chairman of Apple, demonstrated that \_\_\_\_\_ also are important in forecasting.

A. character and ability

B. intuition and judgment

C. training and experience

D. imagination and training



28. Interest rate increases have a \_\_\_\_\_ impact on the residential home construction industry and a \_\_\_\_\_ effect on industries that produce consumer necessities such as prescription drugs or basic grocery items.

A. positive; negligible

B. negative; positive

C. negative; negligible

D. positive; negative

29. The bargaining power of suppliers increases as

A. threat of forward integration by suppliers increases.

B. importance of buyers to supplier group increases.

C. switching costs for buyers decrease.

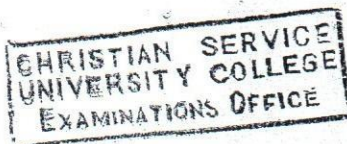
D. more suppliers enter the market.

30. The bargaining power of suppliers is enhanced under which following market condition?

- A. no threat of forward integration
- B. low differentiation of the supplier products
- C. greater availability of substitute products
- D. dominance by a few suppliers

31. As the competitive environment changes, strategic management must focus on different aspects of the organization. Recently, strategic management has moved from focusing on tangible resources to

- A. fixed capital.
- B. working capital.
- C. intangible resources.
- D. investment capital.



32. Heightened concern with fitness might be a threat to some companies and an opportunity to others. In the SWOT framework, these are \_\_\_\_\_ environmental factors.

- A. internal
- B. external
- C. both internal and external
- D. not relevant external

33. Intellectual capital is the difference between the market value and the book value of a firm.

Intellectual capital can be increased by

- A. increasing retention of below average workers.
- B. attracting and retaining knowledgeable workers.
- C. decreasing labor costs.
- D. increasing the turnover of employees.



34. Kantanka paid 1 billion USD to acquire a 25 percent ownership stake in the Russian automaker AutoVo in 2018. Just one year later, Russian President Vladimir Putin threatened to dilute the Kantanka ownership stake unless it contributed more money to prop up AutoVo, which was then experiencing a significant slide in sales. This is an example of \_\_\_\_\_ risk.

- A. currency
- B. economic
- C. political
- D. management

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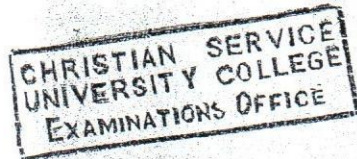


35. The innovation paradox implies that consistency in products and services provokes a tension with the need for new products. This results in a conflict between

- A. stability and change.
- B. structure and culture.
- C. rewards and metrics.
- D. stability and metrics.

36. When the U.S. dollar appreciates against other currencies, U.S. goods can be \_\_\_\_\_ to consumers in foreign countries but can have \_\_\_\_\_ implications for American companies with branch operations overseas.

- A. less expensive, positive
- B. more expensive, negative
- C. less expensive, negative
- D. more expensive, positive

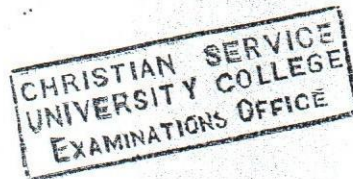


37. Which of the following is **NOT** a motivation for a company to pursue international expansion?

- A. It wishes to increase the size of the potential markets for its products and services.
- B. It wishes to take advantage of arbitrage opportunities to increase profit.
- C. It wishes to optimize value-chain activities to enhance performance, reduce costs, and reduce risk.
- D. It wishes to increase foreign market penetration by developing products for the home market.

38. Globalization involves international exchange. Included in this exchange is trade in goods and services as well as the exchange of \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ across countries.

- A. habits; values; ideas
- B. traditions; legal systems; history
- C. money; ideas; information
- D. statistics; personnel; purchasing power



39. Two non-competing global firms meet quarterly to discuss multiple perspectives on world trends. This is an example of how to improve

- A. stakeholder management.
- B. perceptual acuity.
- C. internal scanning.
- D. financial returns.

40. A competitive advantage based on inimitability can be sustained for at least some time, if it has the following characteristics:

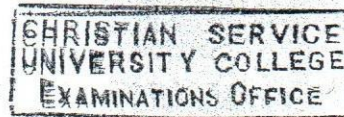
- A. psychographic uniqueness, path dependency, causal ambiguity, and substitutability.
- B. physical uniqueness, path dependency, causal ambiguity, and social complexity.
- C. rarity, path dependency, causal ambiguity, and social substitutability.
- D. geographic uniqueness, cause dependency, social ambiguity, and path complexity.

41. Achamponson Furniture controls all steps of its distribution systems, developing specific competencies that are difficult to match. They are using \_\_\_\_\_ to build sustainable advantage.

- A. path dependency
- B. social complexity
- C. physical uniqueness
- D. tangible resources

42. Four factors help explain the extent to which employees and managers will be able to obtain a proportionately high level of the profits that they generate. Which is not one of these factors?

- A. employee bargaining power
- B. employee replacement cost
- C. employee exit costs
- D. competitor bargaining power



43. Historical comparisons provide information to managers about changes in the competitive position of a firm. Historical comparisons often are misleading

- A. if the overall strategy of the firm is the same.
- B. if the firm shows constant growth.
- C. in periods of recession or economic boom.
- D. if the firm's stock is publicly traded.

44. An important implication of the balanced scorecard approach is that

- A. managers need to recognize that satisfaction of stockholder demands is their primary job.
- B. the emphasis on customer satisfaction and financial goals are only a means to that end.
- C. managers should not look at their job as primarily balancing stakeholder demands.
- D. gains in financial performance must come at a cost of employee satisfaction.

45. Which of the following would **NOT** lead a manager to believe that an ethical concern exists?
- A. Have I done anything that coerced somebody to share this information?
  - B. Have I done something to circumvent a system intended to secure or protect information?
  - C. Is the contemplated technique for gathering information relevant?
  - D. Have I misled anybody in order to gain access?

**Directions: Use the instructions to answer Questions 46 – 50**

**Read the pair of statements in each item carefully and choose the correct answer.**

- Select (A) - if Statement I is true and Statement II is false
- Select (B) - if Statement II is true and Statement I is false
- Select (C) - if both statements I and II are true
- Select (D) - if neither statement I nor II is true



46. I) Statements of corporate values communicate the underlying and enduring core principles that guide an organisation's strategy and define the way that the organisation should operate.
- II) Objective statement refers to a well-defined result that the management of an organization seeks to achieve in pursuing its fundamental mission and vision.
47. I) Organizational design involves ensuring the firm has the necessary corporate structure and related systems in place to create the maximum amount of value.
- II) Portfolio management looks at the way business units complement each other, their correlations, and decides where the firm will play.
48. I) A growth strategy could be implemented by expanding operations both globally and locally.
- II) Market penetration is an intensive strategy whereby the organization tries to develop new products for a new market.



**SECTION B (25 MARKS)**

**Instruction:**

Answer **ONLY ONE (1) QUESTION** from this section. All questions carry equal marks

**QUESTION 1:**

- a) State four (4) defining characteristics of *corporate strategy*.
- b) Refer to Figure 1-1 to answer the questions below. Identify which of the routes 1 to 8 can be classified as:
  - i. *Price-based strategies*;
  - ii. *Differentiation strategies*;
  - iii. *Ultimate failure strategies*.

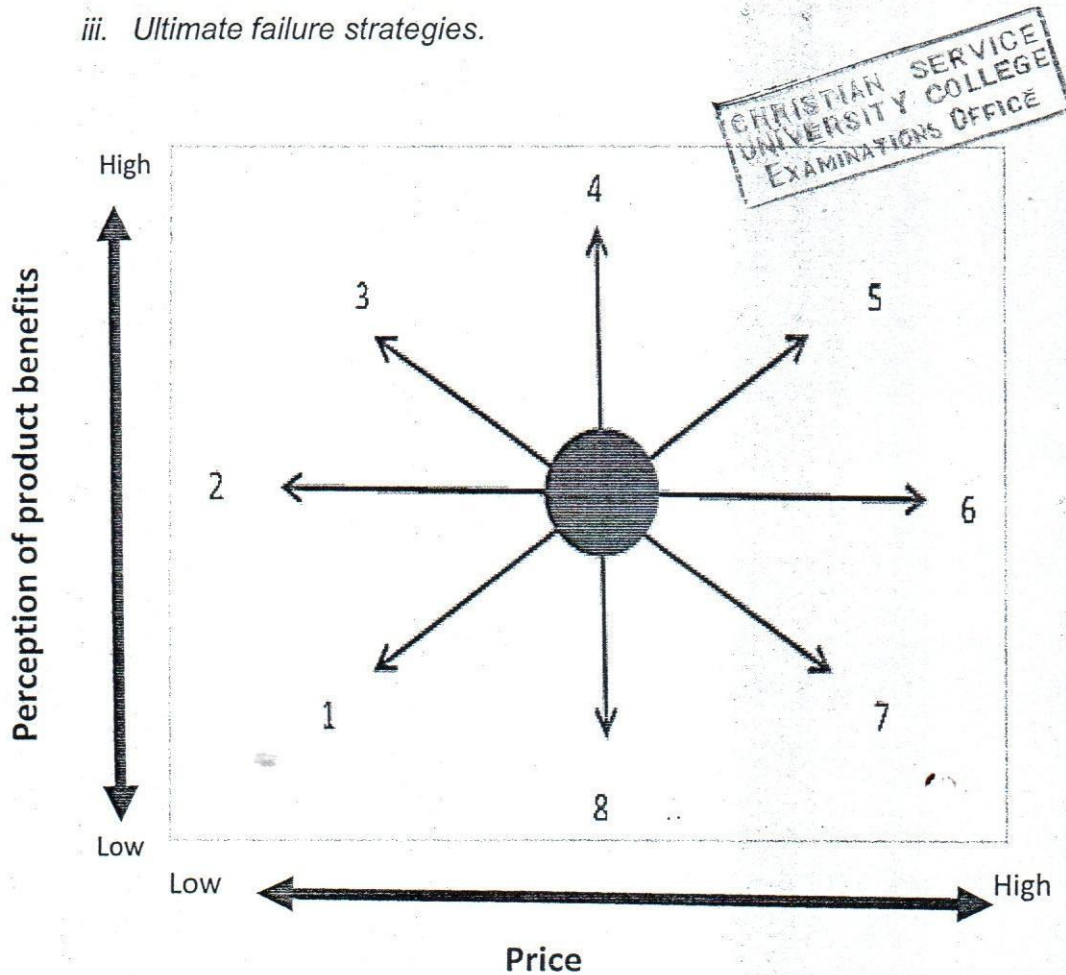


Figure 1-1

- c) State three (3) key pitfalls associated with a predominantly low-price strategy.
- d) Briefly explain two (2) ways of sustaining competitive advantages in
  - (i) *Differentiation*, and
  - (ii) *Lock-in*.

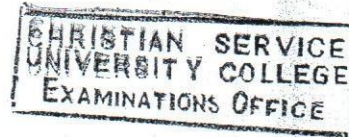
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49. I) Market development aims at increasing sales of existing products in a new market.

II) Product development is considered as an intensive strategy whereby a company develops new or improves its products for sale in existing markets.

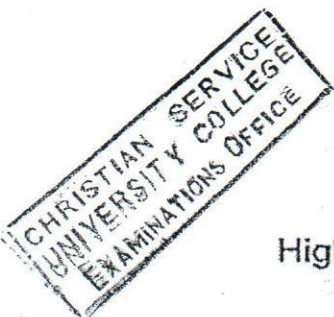
50. I) Conglomerate diversification involves the addition of dissimilar new products to the existing line of business.

II) A merger occurs when two separate entities combine forces to create a new joint organization.



**QUESTION 2:**

- a) What is a *strategic business unit*? [2 marks]
- b) Nickopps Industrial Holdings Plc. has strategic business units, SBU<sub>1</sub> to SBU<sub>6</sub>, operating in various industries. Carefully study Figure 3-1 (attached) and use it to answer the questions below:
- Compare SBU1 and SBU4 given that their respective market shares are 20% and 40%. [Assume a market size of GH¢10 billion for SBU<sub>1</sub>, and GH¢2 billion for SBU<sub>4</sub>].  
[6 marks]
  - What directional decisions will you recommend for dealing with each of the business unit in Figure 3-1. [3 marks]



-term industry attractiveness

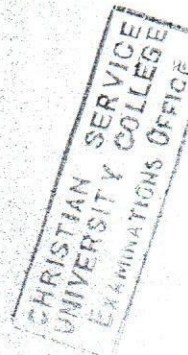
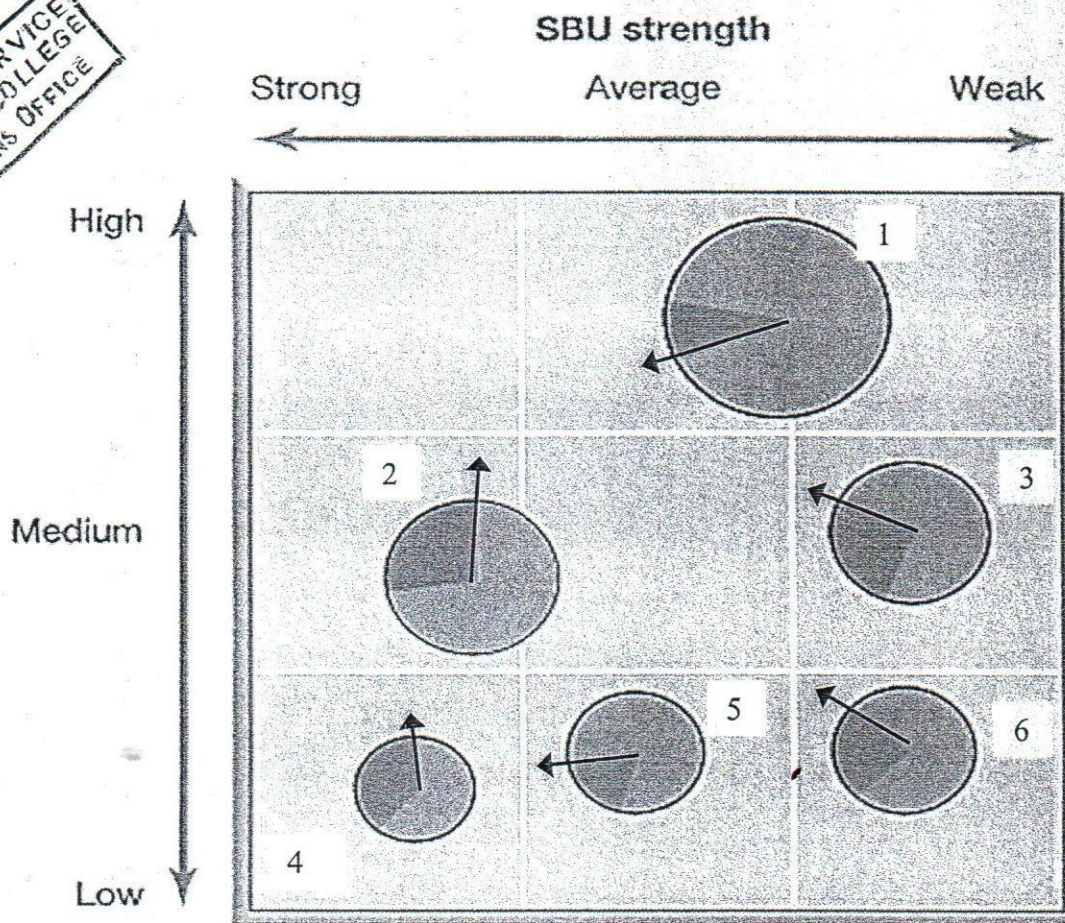


Figure 4-1

- c) Management at Puredew Industries has gathered the data on factors I, II, III, IV and V, as shown in Table 3-1, for scoring the strengths of two other strategic business units, SBU<sub>a</sub> and SBU<sub>b</sub>, operating in agro processing and financial industries respectively.
- Compute the weighted score for each SBU (to two decimal places) and complete Table 3-1. [5 marks]

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- ii. Compute the respective strengths of the two SBUs (to the nearest whole number) and interpret them on a scale of 1 to 10. [3 marks]
- iii. State three (3) challenges associated with BCG's growth-share matrix. [6 marks]

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Table 3-1

| Factor      | Weight | Score (SBU <sub>a</sub> ) |                | Score (SBU <sub>b</sub> ) |                |
|-------------|--------|---------------------------|----------------|---------------------------|----------------|
|             |        | Factor Score              | Weighted Score | Factor Score              | Weighted Score |
| A.          | 0.25   | 3.00                      |                | 8.00                      |                |
| B.          | 0.15   | 2.00                      |                | 8.00                      |                |
| C.          | 0.15   | 7.00                      |                | 3.00                      |                |
| D.          | 0.25   | 5.00                      |                | 2.00                      |                |
| E.          | 0.20   | 1.00                      |                | 6.00                      |                |
| TOTAL SCORE |        |                           |                |                           |                |

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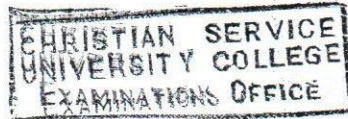
**SECTION C (25 MARKS)**

**Instruction**

Answer **ONLY ONE (1) QUESTION** from this section. All questions carry equal marks

**Question 1**

- a) List and explain the following
- i. Four (4) duties and responsibilities of CEO and Management of a company (2marks)
  - ii. Four (4) duties and responsibilities of the Board of Directors (2marks)
  - iii. Six benefits of strategic management (3marks)
  - iv. Porter's Five-Forces Model (10marks)
- b) Discuss the four main Components of Corporate Strategy (8marks)



**Question 2**

- a) Explain the following Generic Competitive Strategies
- i. Cost-leadership Strategy (3marks)
  - ii. Differentiation Strategy (3marks)
  - iii. Focus Strategy (3marks)
  - iv. Hybrid Strategy (3mark)
- b) Explain the following Ethical Theories
- i. Deontological Theory (4marks)
  - ii. Consequential Theory (Teleological Theory) (3marks)
  - iii. Ethical Egoism (3marks)
  - iv. Utilitarianism (3marks)

