



## COMM 219 MCQs 1,2,6,7,8,9

Innovation Management (Concordia University)



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## Chapter 1: Introduction

1. **What does technological innovation refer to?**
  - A) The development of new marketing strategies
  - B) The development and application of new technologies and products
  - C) The decline of industries due to new technologies
  - D) A company's branding strategy
  - **Answer: B**
2. **How does technological innovation drive economic growth?**
  - A) By reducing productivity
  - B) By introducing more competition
  - C) By increasing productivity and economic output
  - D) By lowering consumer demand
  - **Answer: C**
3. **Which of the following is NOT affected by technological innovation?**
  - A) Economic growth
  - B) Standard of living
  - C) Employment opportunities
  - D) Government elections
  - **Answer: D**
4. **Which industries typically experience fast innovation cycles?**
  - A) Steel manufacturing
  - B) Pharmaceuticals and electronics
  - C) Agriculture
  - D) Textiles
  - **Answer: B**
5. **What is the innovation funnel?**
  - A) A method for generating business ideas
  - B) A process where many ideas are narrowed down into a few successful innovations
  - C) A strategy for reducing innovation costs
  - D) A tool for increasing competition
  - **Answer: B**
6. **What does 'first-mover advantage' mean?**
  - A) Being the last to enter a market
  - B) Being the first to introduce a new product to the market
  - C) Reducing costs by using older technologies
  - D) Imitating competitors' products
  - **Answer: B**
7. **Why is the timing of entry important for innovation?**
  - A) To delay competition indefinitely
  - B) To maximize the impact of an innovation and capture market share
  - C) To avoid market risks entirely

- D) To minimize the cost of marketing
  - **Answer: B**
  - 8. **Which of the following is NOT a benefit of technological innovation for society?**
    - A) Improved health outcomes
    - B) Increased energy efficiency
    - C) Increased job displacement
    - D) Higher standard of living
    - **Answer: C**
  - 9. **Technological innovation is a key determinant of:**
    - A) Government regulations
    - B) Competitive advantage and organizational success
    - C) Natural resource availability
    - D) Traditional business models
    - **Answer: B**
  - 10. **Which of the following is a challenge of technological innovation?**
    - A) It always results in increased profits
    - B) It can pose challenges for existing firms
    - C) It makes the market less competitive
    - D) It slows down product development cycles
    - **Answer: B**
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## Chapter 2: Sources of Innovation

- 11. **Which of the following is NOT a common source of innovation?**
  - A) Individuals
  - B) Firms
  - C) Universities
  - D) Customer complaints
  - **Answer: D**
- 12. **Creativity is:**
  - A) The production of novel and useful ideas
  - B) The application of new technologies in manufacturing
  - C) Limited to organizational efforts
  - D) The same as market research
  - **Answer: A**
- 13. **Which of the following influences individual creativity?**
  - A) Personality
  - B) Knowledge
  - C) Motivation
  - D) All of the above
  - **Answer: D**
- 14. **Organizational creativity can be fostered by:**

- A) Restricting access to research facilities
  - B) Encouraging a culture of experimentation and collaboration
  - C) Limiting the flow of information
  - D) Assigning repetitive tasks
  - **Answer: B**
15. **Which company policy is cited as encouraging innovation at Google?**
- A) Offering employees bonuses
  - B) Providing 20% of work time for personal projects
  - C) Mandatory weekly innovation meetings
  - D) Hiring external consultants for innovation
  - **Answer: B**
16. **Translating creativity into innovation requires:**
- A) Access to external markets
  - B) A supportive culture and resources
  - C) Reliance on existing patents
  - D) Increasing project timelines
  - **Answer: B**
17. **Who are often the key drivers of new innovations?**
- A) Employees in finance departments
  - B) Customers with product complaints
  - C) Inventors with unique vision and persistence
  - D) Board members with financial interests
  - **Answer: C**
18. **Why are users an important source of innovation?**
- A) They create solutions to meet their own needs
  - B) They rely on competitors' products
  - C) They invest heavily in R&D
  - D) They have no involvement in product development
  - **Answer: A**
19. **What role does R&D play in innovation?**
- A) It eliminates the need for collaboration
  - B) It drives the creation of new products and processes
  - C) It limits the scope of innovation
  - D) It prevents competition from entering the market
  - **Answer: B**
20. **Technology clusters are geographic concentrations of:**
- A) Firms and institutions that accelerate the pace of innovation
  - B) Traditional industries
  - C) Government offices
  - D) Natural resources
  - **Answer: A**
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## Chapter 6: Types of Innovation

**21. What is the primary characteristic of product innovations?**

- A) They focus on marketing strategies
- B) They involve the creation of new goods or services
- C) They improve internal business processes
- D) They are not market-driven
- **Answer: B**

**22. Process innovations are focused on:**

- A) Improving the way an organization conducts its business
- B) Creating new products for consumers
- C) Reducing marketing costs
- D) Increasing product prices
- **Answer: A**

**23. Which of the following best describes a radical innovation?**

- A) A minor improvement to an existing product
- B) A completely new-to-the-world product
- C) An imitation of a competitor's product
- D) A reduction in production costs
- **Answer: B**

**24. Incremental innovations typically:**

- A) Introduce groundbreaking changes
- B) Represent minor improvements to existing products
- C) Eliminate the need for research
- D) Require significant financial investment
- **Answer: B**

**25. Competence-enhancing innovations:**

- A) Render a firm's current knowledge obsolete
- B) Build on the firm's existing capabilities
- C) Disrupt market dynamics
- D) Are not important to innovation strategy
- **Answer: B**

**26. A competence-destroying innovation:**

- A) Enhances a firm's core capabilities
- B) Forces a firm to develop entirely new knowledge
- C) Improves a firm's existing processes
- D) Reduces competition in the market
- **Answer: B**

**27. Which type of innovation focuses on reconfiguring how components link together?**

- A) Component innovation
- B) Architectural innovation
- C) Product innovation
- D) Process innovation

- **Answer: B**
  - 28. **S-curves in technological improvement represent:**
    - A) Performance over time relative to investment
    - B) A company's sales trajectory
    - C) The financial impact of new technology
    - D) Market saturation rates
    - **Answer: A**
  - 29. **Technology diffusion refers to:**
    - A) The spread of a technology through a population over time
    - B) The decline of outdated technology
    - C) The financial cost of implementing new technology
    - D) Market competition
    - **Answer: A**
  - 30. **What happens during the 'era of ferment' in innovation cycles?**
    - A) Stability in the market is achieved
    - B) Firms experiment with new designs and configurations
    - C) Standardization takes hold across the industry
    - D) Incremental improvements are introduced
    - **Answer: B**
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## Chapter 7: Dominant Designs and Technology Cycles

- 31. **What is a dominant design?**
  - A) The first prototype of a product
  - B) A stable architecture that most firms adopt after a period of experimentation
  - C) An outdated product design
  - D) A design that fails in the market
  - **Answer: B**
- 32. **Creative destruction refers to:**
  - A) Incremental improvements in existing products
  - B) The emergence of a new technological discontinuity that disrupts an industry
  - C) The destruction of outdated processes
  - D) A method for eliminating competitors
  - **Answer: B**
- 33. **What does 'increasing returns to adoption' mean?**
  - A) A technology becomes more valuable the more it is adopted
  - B) A technology loses value as it is widely adopted
  - C) Market saturation reduces a product's value
  - D) Technology costs decrease with adoption
  - **Answer: A**
- 34. **The learning curve refers to:**
  - A) An increase in production costs over time

- B) The efficiency gained through repeated practice
- C) A reduction in technology's effectiveness over time
- D) The decline in innovation due to market saturation
- **Answer: B**

**35. What is absorptive capacity?**

- A) A firm's ability to absorb external knowledge and apply it for innovation
- B) The number of patents a firm owns
- C) The market share a company holds
- D) A firm's ability to reduce costs
- **Answer: A**

**36. Network externalities occur when:**

- A) The benefits of a product increase as more people use it
- B) A technology becomes obsolete quickly
- C) A product is only valuable in a niche market
- D) A firm invests heavily in marketing
- **Answer: A**

## Chapter 8: Timing of Entry

**37. Who are first movers in a market?**

- A) Companies that wait for competitors to launch products
- B) Companies that are the first to introduce a new product category
- C) Companies that imitate existing products
- D) Companies that rely on outdated technology
- **Answer: B**

**38. What is a risk associated with being a first mover?**

- A) High R&D costs
- B) No competition
- C) Low customer demand
- D) High marketing costs
- **Answer: A**

**39. Late entrants benefit from:**

- A) High R&D costs
- B) Avoiding the risks faced by first movers
- C) Increased competition
- D) Market dominance
- **Answer: B**

**40. Monopoly rents refer to:**

- A) Profits earned by the first mover in a market
- B) Costs associated with entering a new market
- C) The financial losses of a company
- D) Reduced competition

- **Answer: A**
- 41. **Vaporware refers to:**
  - A) A product that is advertised but not yet available on the market
  - B) A highly successful product launch
  - C) A failed product in the market
  - D) A strategy for copying competitors
  - **Answer: A**
- 42. **What is incumbent inertia?**
  - A) The advantage new companies have over established ones
  - B) The resistance of existing companies to adopt new technology due to entrenched practices
  - C) The flexibility of incumbents to pivot to new markets
  - D) A type of marketing strategy
  - **Answer: B**
- 43. **Parallel development processes allow firms to:**
  - A) Slow down the innovation process
  - B) Develop different stages of a product simultaneously
  - C) Reduce the overall product quality
  - D) Avoid competition
  - **Answer: B**
- 44. **What does path dependency refer to?**
  - A) The influence of early decisions on the final outcomes
  - B) A firm's strategy for reducing R&D costs
  - C) A method for eliminating competitors
  - D) The delay in technology adoption
  - **Answer: A**
- 45. **Fast-cycle processes are beneficial because they:**
  - A) Reduce the overall quality of a product
  - B) Shorten development times and improve market responsiveness
  - C) Increase the time-to-market for new products
  - D) Reduce the amount of learning from market feedback
  - **Answer: B**

## Chapter 9: Protecting Innovation

1. **What does 'appropriability' refer to?**
  - A) The ability of a firm to sell its products at a low cost
  - B) The degree to which a firm can capture the profits from its innovation
  - C) The process of sharing technology with competitors
  - D) The method by which a firm eliminates competition
  - **Answer: B**
2. **What does a patent grant?**
  - A) Exclusive rights to use a brand name or logo
  - B) Protection for original works of authorship



- C) Confidential information to be used in marketing
  - D) Exclusive rights to an invention
  - **Answer: D**
3. **Which of the following is protected by trademarks?**
- A) Inventions and technical processes
  - B) Brand names, logos, and other identifiers
  - C) Artistic works such as books and music
  - D) Trade secrets and confidential information
  - **Answer: B**
4. **What do copyrights protect?**
- A) Inventions and technical innovations
  - B) Confidential company information
  - C) Original works of authorship
  - D) Logos and branding materials
  - **Answer: C**
5. **What is a key feature of trade secrets?**
- A) They are publicly disclosed after 10 years
  - B) They give firms a competitive edge by remaining confidential
  - C) They are used in marketing campaigns to attract customers
  - D) They are easy to reverse-engineer by competitors
  - **Answer: B**
6. **In which industry are patents particularly effective?**
- A) Consumer electronics
  - B) Pharmaceuticals with long product life cycles and complex products
  - C) Fast food and restaurant industries
  - D) Retail and clothing sectors
  - **Answer: B**
7. **What is an advantage of wholly proprietary systems?**
- A) The firm retains full control over its technology and standards
  - B) The technology is freely shared, encouraging rapid adoption
  - C) The system allows for collaborative innovation with competitors
  - D) The firm avoids the costs associated with R&D
  - **Answer: A**
8. **What is a benefit of wholly open systems?**
- A) It ensures full control over technology development
  - B) It promotes the widespread adoption of a technology
  - C) It keeps technology confidential to protect competitive advantages
  - D) It eliminates the need for complementary goods
  - **Answer: B**
9. **What is one advantage of protecting innovation through patents, trademarks, or copyrights?**
- A) It reduces the time needed for R&D
  - B) It allows firms to capture returns from their innovations and reinvest in R&D
  - C) It encourages immediate sharing of technology with competitors

- D) It lowers the cost of producing new products
- **Answer: B**

10. **What is an advantage of diffusing technology through open systems?**

- A) It ensures complete control over intellectual property
- B) It facilitates widespread adoption, creating complementary goods and services
- C) It reduces competition from other firms
- D) It eliminates the need for external partnerships
- **Answer: B**