

**MGT603- Strategic Management**  
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**FINAL TERM EXAMINATION**  
**Spring 2010 (PAPER 1)**  
**MGT603- Strategic Management (Session - 4)**

**1. Which method of determining a firm's net worth can be numerically expressed as: Market price of the firm's stock\* Average net income for the past five years Annual earnings per share**

- ▶ Sum of equity and earnings method
- ▶ **Price-earnings ratio method** p; 139
- ▶ Long-term asset method
- ▶ Outstanding shares method

**2. Which of the following is an example of a narrow mission?**

- ▶ **We sell packaged pineapples** M. file
- ▶ The firm deals in beverages

- ▶ Stationery is our product
- ▶ Company manufactures food items

**3. Which of the following business actions is NOT considered to be unethical?**

- ▶ Poor product or service safety
- ▶ Using non-union labor in a union shop
- ▶ Misleading advertising
- ▶ **Too expensive products M. File**

**4. Political variables have a significant effect on which one of the following?**

- ▶ **Formulation and implementation of strategy p; 35**
- ▶ Formulation and evaluation of a strategy
- ▶ Implementation and evaluation of a strategy
- ▶ Formulation, implementation and evaluation of a strategy

**5. Which of the following is one of the Political, Governmental & Legal factors?**

- ▶ Ethical concerns
- ▶ Traffic congestion
- ▶ **Lobbying activities M. File**

- ▶ Average level of education

**6. The XYZ Company wants to know the major favorable situations that exist in its environment. Essentially, the company wants to gain understanding of what?**

- ▶ Strengths
- ▶ Weaknesses
- ▶ Threats
- ▶ **Opportunities**

**7. Keeping strategies secret from employees and stakeholders can do all of the following EXCEPT:**

- ▶ **Provide competitive advantage to competitors**
- ▶ hinder employee and stakeholder communication
- ▶ Reduces employee and stakeholder understanding
- ▶ Minimize employee and stakeholder commitment

**8. Sana has spent a day in a session where the future of her company was discussed. The people involved were trying to determine what the role of their**

company was as the 21st century approaches. Goals were then developed based upon their vision of the company's mission. Sana spent her day on which of the following process?

▶ **Planning** M. File

- ▶ Organizing
- ▶ Leading
- ▶ Controlling

9. Opportunity analysis is one of the basic functions of which one of the following?

▶ Computer information systems

▶ **Marketing** Q. File

- ▶ Production/operations
- ▶ Research and development

10. Which of the following term describes “the merging of two or more businesses at the same level of production in some formal, legal relationship”?

▶ Backward integration

▶ **Horizontal integration**

- ▶ Market penetration
- ▶ Market development

When an organization takes up the same type of products at the same level of production or marketing process, it is said to follow a strategy of horizontal integration

**11. "Ghulam Nabi, a farmer sells his crops at the local market rather than to a distribution center". This action of Ghulam Nabi comes under which of the following?**

- ▶ Backward integration
- ▶ Product development
- ▶ **Forward integration**
- ▶ Horizontal integration

**12. Where usage rate of present customers of the company can be increased significantly and the current markets are not saturated, which strategy would be effective for the company to follow?**

▶ **Market Penetration** p; 89

- ▶ Product Development
- ▶ Market Development
- ▶ Retrenchment

**13. Product development involves going in the direction of which one of the following?**

- ▶ Present products to present markets
- ▶ Present products to new markets
- ▶ **New products to present markets**
- ▶ New products to new markets

New products to present markets: product development  
Present products and new markets: market development  
New products and new markets: diversification  
Current products and current market: market penetration

14. All of the following would be considered an Opportunity to a business EXCEPT which one of the following?

- ▶ Removal of international trade barriers
- ▶ Emergence of unfulfilled customer need
- ▶ **Emergence of substitute products**
- ▶ loosening of regulations

15. A & Ammar is the sole manufacturer of leather goods in Pakistan. This year, government has lowered tax rates for this industry. There is a possibility that new companies will enter the market to avail this opportunity. Lowering the tax rates will present which of the following to A & Ammar?

- ▶ Strength
- ▶ Weakness
- ▶ Opportunity

► Threat

16. Which of the following are the two internal dimensions represented on the axes of the SPACE Matrix?

- Environmental stability and industry strength
- Industry strength and competitive advantage
- Competitive advantage and financial strength p; 100
- Financial strength and environmental stability

17. ABC Corporation can have competitive advantage over its competitor by taking all of the following actions EXCEPT:

- By increasing product quality
- By having debt to equity ratio=1
- By altering product life cycle
- By increasing customer base

18. All of the following are the limitations of BCG Matrix EXCEPT:

► It is one-dimensional to view every business as a star, cash cow, dog or question mark

► **BCG can not be developed if a firm has at least less than three years data**

► The businesses that fall in the centre of BCG matrix can not be classified

► **Other variables such as size of market and competitive advantages are not considered**

Ref: Limitations

1. Viewing every business as a star, cash cow, dog, or question mark is overly simplistic.

2. Many businesses fall right in the middle of the BCG matrix and thus are not easily classified.

3. The BCG matrix does not reflect whether or not various divisions or their industries are growing over time.

4. Other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

**19. According to the Grand Strategy Matrix, which strategy is recommended for a firm with rapid market growth and a strong competitive position?**

► **Market penetration p; 107**

► Conglomerate diversification

► Joint venture

► Retrenchment



20. "The business has a strong competitive position but is in a slow-growth industry. Further, the business typically has high cash flow levels and limited internal growth needs." The statement refers which of the following?

- ▶ The firm falling in Quadrant I of Grand Strategy Matrix
- ▶ The firm falling in Quadrant II of Grand Strategy Matrix
- ▶ The firm falling in Quadrant III of Grand Strategy Matrix
- ▶ The firm falling in Quadrant IV of Grand Strategy Matrix p; 108

21. Which of the following is a Functional level objective?

- ▶ Achieving return on investment of at least 15%
- ▶ Aiming to achieve a market share of 10% p; 113
- ▶ Attaining operating profit of over Rs.10 million
- ▶ Increase earnings per share by at least 10% every

22. Which one of the followings is NOT a major factor that commonly forbids effective resource allocation?

- ▶ Organizational politics
- ▶ Vague strategy targets
- ▶ Long run financial criteria p; 116
- ▶ Lack of sufficient knowledge

23. "Holding a meeting at which conflicting parties present their views and work through the differences". The statement best describes which of the conflict resolving mood?

► **Confrontation**

- Resistance
- Diffusion
- Avoidance

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24. Restructuring is also known as:

- Up-sizing
- **Delaying** p; 120
- Diversifying
- Integrating

Restructuring – also called downsizing, rightsizing, or delayering

**25. Which term is most often concerned primarily with shareholder well-being rather than employee well-being?**

- ▶ Benchmarking
- ▶ Reengineering
- ▶ E-engineering
- ▶ **Restructuring** p; 120

**26. “All the employees of Operations department have received 15 % of increased profits over a historical standard or targeted profits.” Which of the following best describes the statement?**

- ▶ Profit sharing
- ▶ Bonus
- ▶ **Gain sharing**
- ▶ Piece-work plan

**27. What is the most widely used technique for determining the best combination of debt and stock?**

► **Earnings per share**

- Return on stockholders' equity
- Debt-to-equity ratio
- Capital budgeting

It also include an Earnings per Share/Earnings before Interest and Taxes (EPS/EBIT) analysis is the most widely used technique for determining whether debt, stock, or a combination of debt and stock is the best alternative for raising capital to implement strategies.

**28. Which one of the following statement is TRUE about EBIT (Earnings before Interest and Taxes)?**

- It is calculated as revenue minus depreciation and interest expenses
- **It is calculated as revenue minus expenses excluding tax and interest**
- It is calculated as revenue minus cost of goods sold and sales taxes
- It is calculated as revenues minus selling and administrative expenses

**DEBIT**

A financial measure defined as revenues less cost of goods sold and selling, general, and administrative expenses. In other words, operating and no operating profit before the deduction of interest and income taxes.

**29. Which alternative becomes more attractive financing technique when cost of capital is high?**

- Debt financing
- Combination financing

▶ **Raising equity**

- ▶ Borrowing

30. Integrative, intensive, and diversification strategies are often implemented by which one of the followings?

- ▶ Liquidating firms

▶ **Acquiring firms** p; 139

- ▶ Venturing firms
- ▶ Small firms

31. All of the following tasks are performed by R&D employees and managers EXCEPT:

- ▶ Transferring complex technology
- ▶ Adapting processes to local markets
- ▶ Adjusting process to local raw materials

▶ **Make sure the availability of resource**

R&D employees and managers perform tasks that include

1. Transferring complex technology,
2. Adjusting processes to local raw materials,
3. Adapting processes to local markets,
4. Altering products to particular tastes and specifications.

**32. Which one of the following is not a rivalry determinant of Porter's model?**

► **Differentiation of inputs**

- Industry growth
- Diversity of competitors
- Switching costs

**Rivalry Determinants**

- Industry growth
- Fixed (or storage) costs/value added
- Intermittent over capacity
- Product differences
- Brand identity
- Switching costs
- Concentration and balance
- Informational over complexity
- Diversity of competitors
- Corporate stakes
- Exit barriers

**33. Which one of the following is NOT considered as a difficulty in evaluation of strategies?**

- Increase in environment's complexity
- Difficulty predicting future with accuracy
- **Decreasing number of variables**
- Rate of obsolescence of plans

Difficulty in strategy evaluation –

1. Increase in environment's complexity
2. Difficulty predicting future with accuracy
3. Increasing number of variables
4. Rate of obsolescence of plans
5. Domestic and global events
6. Decreasing time span for planning certainty

**34. Strategy evaluation is based on which of the following?**

- ▶ Quantitative and empirical criteria
- ▶ Empirical and qualitative criteria
- ▶ Qualitative and objective criteria
- ▶ **Qualitative and quantitative criteria**

Strategy evaluation is based on both quantitative and qualitative criteria

**35. What is typical problem associated with using quantitative criteria for evaluating strategies?**

- ▶ Most qualitative criteria are geared to long-term objectives rather than annual objectives

▶ **Different accounting methods can provide different results on many quantitative criteria**

- ▶ Intuitive judgments are never involved in deriving quantitative criteria
- ▶ Qualitative data to be evaluated for measuring performance is often not available

**There are some potential problems associated with using quantitative criteria for evaluating strategies.**

1. First, most quantitative criteria are geared to annual objectives rather than long-term objectives.

2. Different accounting methods can provide different results on many quantitative criteria.
3. Intuitive judgments are almost always involved in deriving quantitative criteria.

36. A good evaluation system must possess various qualities. Which of the following is not a characteristic of a good strategy evaluation system?

- ▶ Strategy-evaluation activities must be economical
- ▶ Strategy-evaluation activities should be meaningful
- ▶ **Strategy-evaluation activities should dominate the decisions**
- ▶ Strategy-evaluation activities should provide timely information

#### Qualities of good evaluation system

Strategy-evaluation activities must be economical; too much information can be just as bad as too little information; and too many controls can do more harm than good.

Strategy-evaluation activities also should be meaningful; they should specifically relate to a firm's objectives. They should provide managers with useful information about tasks over which they have control and influence.

Strategy-evaluation activities should provide timely information; on occasion and in some areas, managers may need information daily.

37. The product design, packaging, product disposal and corporate rewards should reflect which of the following?

- ▶ Product quality consideration
- ▶ Union consideration
- ▶ **Environmental consideration** p; 156
- ▶ Customer consideration



38. Financial benefits of strategic management include all of the following EXCEPT:

- ▶ Progression in profitability
- ▶ **Improvement in employee productivity**
- ▶ Expansion in the sales of business
- ▶ Enhancement in productivity

39. Which one of the following is a reason for NOT choosing profits in BCG matrix than relative market share?

- ▶ **It carries less information than just cash flow**
- ▶ It shows where the brand is positioned against competitors
- ▶ It indicates where it might be likely to go in the future
- ▶ It shows what type of marketing activities to be performed

**The reason for choosing relative market share, rather than just profits, is that**

1. It carries more information than just cash flow.
2. It shows where the brand is positioned against its main competitors
3. Indicates where it might be likely to go in the future.
4. It can also show what type of marketing activities might be expected to be effective.

40. "A desired future state that the organization attempts to realize". Identify the term relevant to the given statement.

- ▶ **Goal** **M. File**

- ▶ Strategy
- ▶ Policy
- ▶ Procedure

41. Which of the following statements best defines “stage 1” of the strategy-formulation framework?

▶ It summarizes the basic input information needed to formulate strategies p; 97

- ▶ It focuses on generating feasible alternative strategies
- ▶ It involves a single technique
- ▶ It is based on assumptions

42. What type of strategies would you recommend when a firm’s SPACE Matrix directional vector has the coordinates (+1, +5)?

▶ Aggressive p; 100

- ▶ Conservative
- ▶ Competitive
- ▶ Defensive

43. “Establishing annual objectives” refers to which of the following activities?

- ▶ It is a top-level activity
- ▶ It is a centralized activity
- ▶ **It is a decentralized activity p; 114**
- ▶ It is a centralized-decentralized activity

**44. Which pay strategy is Not a form of incentive compensation?**

- ▶ Bonus system
- ▶ **Hourly wage p; 123**
- ▶ Gain sharing
- ▶ Profit sharing

**45. Which of the following is NOT a rule of thumb when using product positioning as a strategy-implementation tool?**

- ▶ “Don’t squat between segments”
- ▶ “Look for the hole or vacant niche”
- ▶ **“Try to serve more than one segment with the same strategy”**
- ▶ “Don’t position yourself in the middle of the map”

2. Don't squat between segments
3. Don't serve two segments with same strategy
4. Don't position yourself in the middle of the map

**46. Identify which of the following are mostly based on a firm's internal assessment according to Richard Rumelt.**

- ▶ Consistency and consonance
- ▶ Consonance and advantage
- ▶ Advantage and feasibility
- ▶ **Feasibility and consistency**

According to Rumelt, consistency and feasibility are largely based on a firm's internal assessment.

**47. Which of the following statements is TRUE if success for one organizational department means failure for another department?**

- ▶ Strategies may be synergistic
- ▶ Strategies may be advantageous
- ▶ Strategies may be inconsonant
- ▶ **Strategies may be inconsistent**

**48. All of the following are the qualitative questions for evaluating strategies identified by Seymour Tilles EXCEPT:**

- ▶ Is the strategy internally consistent?
- ▶ **Is the strategy having an appropriate return on investment?**
- ▶ Is the strategy consistent with the environment?
- ▶ Is the strategy appropriate in view of available resources?

Seymour Tilles identified six qualitative questions that are useful in evaluating strategies:

1. Is the strategy **internally consistent**?
2. Is the strategy **consistent with the environment**?
3. Is the strategy **appropriate in view of available resources**?
4. Does the strategy involve an acceptable degree of risk?
5. Does the strategy have an appropriate time framework?
6. Is the strategy workable?

## **FINAL TERM EXAMINATION**

**Spring 2010 (PAPER 2)**

**MGT603- Strategic Management**

**49. Which of the following is often considered the first step in strategic planning?**

- ▶ Devising a mission statement
- ▶ **Developing a vision statement** **M. File**
- ▶ Setting annual objectives
- ▶ Formulating set of strategies

**50. External opportunities and threats that can significantly benefit or harm an organization may include all of the following except:**

- ▶ Demographics
- ▶ Competitive trends
- ▶ Technological changes
- ▶ **Research and development** **M. File**

**Ref:** *External opportunities and external threats* refer to economic, social, cultural, demographic, environmental, political, legal, governmental, technological, and competitive trends and events that could significantly benefit or harm an organization in the future.

**51. What will happen to the Pakistani exports in overseas markets when there is a strong value of rupee?**

- ▶ Pakistani exports will be less expensive
- ▶ **Pakistani exports will be more expensive** M. file
- ▶ Pakistani exports will be more attractive
- ▶ Pakistani exports will be desirable

**52. Which of the following can be considered as barriers to entering a market or industry?**

- ▶ The lack of economies of scale and experience and low levels of brand loyalty
- ▶ **The presence of large number of rivals already in the industry** M. File
- ▶ Relatively large capital requirements and industry have economies of scale
- ▶ The absence of tariffs, trade restrictions, and/or government-mandated regulations

**53. Which of the following are signs of strength in a company's competitive position?**

- ▶ A debt-to-asset ratio below 0.50 and a positive net cash flow
- ▶ A website with extensive information about the company and its product line
- ▶ R&D and advertising expenditures greater than \$10 million annually
- ▶ **A strongly differentiated product and a strong or rising market share**

**54. Distribution includes which of the following?**

- ▶ Customer analysis
- ▶ **Warehousing** p; 62
- ▶ Advertising
- ▶ Test marketing

**55. The IFE matrix summarizes and evaluates which factors in the functional areas of a business?**

- ▶ Opportunities and threats
- ▶ **Strengths and weaknesses** M. File
- ▶ Strengths and threats
- ▶ Opportunities and weaknesses

Ref: A summary step in conducting an internal strategic-management audit is to construct an *Internal Factor Evaluation (IFE) Matrix*. This strategy-formulation tool summarizes and evaluates the major strengths and weaknesses in the functional

areas of a business, and it also provides a basis for identifying and evaluating relationships among those areas.

**56. The Web sites that sell products directly to the consumers are the examples of which type of strategy?**

- ▶ Backward integration
- ▶ Product development
- ▶ **Forward integration** M. File
- ▶ Horizontal integration

**57. Which of the following is a drawback or limitation of Horizontal Integration?**

- ▶ **Synergies may be more imaginary than real** M. File
- ▶ It can increase suppliers' and buyers' bargaining power
- ▶ Economies of scale are likely to be decreased
- ▶ Both the first & third options are correct

**58. A Cost Leadership Strategy is especially effective in all of the following situations EXCEPT:**

- ▶ When the market is composed of many price-sensitive buyers
- ▶ **When product differentiation can be easily achieved**
- ▶ When buyers do not care much about differences from brand to brand



- ▶ When there are a large number of buyers with significant bargaining power

Striving to be the low-cost producer in an industry can be especially effective

1. When the market is composed of many price-sensitive buyers,
2. When there are few ways to achieve product differentiation,
3. When buyers do not care much about differences from brand to brand,
4. When there are a large number of buyers with significant bargaining power.

**59. If market shares of competitors are declining whereas total industry sales are increasing, which strategy do you think may be the right one to pursue?**

- ▶ Divestiture

▶ **Market Penetration** M. File

- ▶ Market Development

- ▶ Retrenchment

#### **Ref: Guidelines for Market Penetration**

Four guidelines when market penetration may be an especially effective strategy are:

Current markets not saturated

Usage rate of present customers can be increased significantly

Market shares of competitors declining while total industry sales increasing

Increased economies of scale provide major competitive advantages

**60. Which of the followings involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels?**

- ▶ Innovation
- ▶ Differentiation
- ▶ **Product development** M. File
- ▶ Market development

**Ref:** Product development is a strategy that seeks increased sales by improving or modifying present products or services.

**61. Which of the following stages of “Strategy Formulation Framework” involves development of Internal-Factor Evaluation Matrix?**

▶ **Input stage**

- ▶ Output stage
- ▶ Matching stage
- ▶ Decision stage

**Ref: Stage 1** of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the *Input Stage*, Stage 1 summarizes the basic input information needed to formulate strategies.

**62. Which of the following stages in “Strategy Formulation Framework” focuses on generating feasible alternative strategies?**

- ▶ Input
- ▶ Output
- ▶ Decision

## ► Matching

**Ref: Stage 2**, called the *Matching Stage*, focuses upon generating feasible alternative strategies by aligning key external and internal factors. Stage 2 techniques include the Threats-Opportunities Weaknesses-Strengths (TOWS) Matrix, the Strategic Position and Action Evaluation (SPACE) Matrix, the Boston Consulting Group (BCG) Matrix, the Internal-External (IE) Matrix, and the Grand Strategy Matrix

**63. If there is a shift in consumers' taste in a society away from the firm's products along with weak brand name, which of the following strategy would you recommend for the above mentioned firm?**

- SO
- WO
- SW
- WT

**64. Firm located in defensive quadrant of a SPACE matrix is recommended to follow all of the following strategies EXCEPT:**

- Retrenchment
- **Forward integration** p; 108
- Divestiture
- Liquidation

65. What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (+2, +3)?

► Aggressive

- Conservative
- Competitive
- Defensive

66. A & C Corporation currently possesses a low share of its available market. Moreover, this company's portfolio reveals that it has extremely low market growth. A & C Corporation is most likely to be classed as which one of the following?

► Dog 103

- Question mark
- Star
- Cash cow

**Ref: Dogs** More charitably called pets, units with low market share in a mature, slow-growing industry. (see the table at page no.103)

67. Which of the following is a deliberate plan of action, guidelines, methods, procedures to guide decisions and achieve rational outcome?

- ▶ Annual objectives
- ▶ Strategies
- ▶ **Policies**
- ▶ Goals

Policies include guidelines, rules, and procedures established to support efforts to achieve stated objectives

68. The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

- ▶ Financial budget
- ▶ Relative importance of departments
- ▶ **On political or personal factors**
- ▶ Relative cost of each resources

**Ref:** Resource allocation is a major management activity that allows for strategy execution. In organizations that do not use a strategic-management approach to decision making, resource allocation is often based on political or personal factors.

69. A state of opposition between persons or ideas which are occasionally characterized by physical violence may be known as:

- ▶ **Conflict**
- ▶ Compromise

- ▶ Diffusion
- ▶ Avoidance

**Ref:** Conflict is a state of opposition, disagreement or incompatibility between two or more people or groups of people, which is sometimes characterized by physical violence. Military conflict between states may constitute war.

**70.** Why do changes in company strategy often require changes in the way an organization is structured?

▶ Because structure depicts how goals will be established

- ▶ Because structure dictates how authorities will be delegated
- ▶ Because structure dictates how resources will be obtained
- ▶ Because structure dictates how financial resources are spent

**Ref:** Changes in strategy often require changes in structure because new positions may be created, deleted, or merged. Organizational structure dictates how resources are allocated and how objectives are established in a firm. (Page no.56)

**71.** Of the following, which one is FALSE regarding a functional organizational structure?

- ▶ The tasks, people, and technologies necessary to do the work of the business are grouped together

- ▶ Functional structures predominate in firms with single or narrow product lines
- ▶ Marketing, operations, and finance would be considered groups found within this type of structure
- ▶ **Functional structure is designed to achieve flexibility and better communication**

**Ref:** Functional structure is sometimes characterized by low employee morale, line/staff conflicts, poor delegation of authority, and inadequate planning for products and markets. (Page no.118)

### Functional Structure

The organization is structured according to functional areas instead of product lines. This structure is best used when creating specific, uniform products. They are economically efficient, but lack flexibility. Communication between functional areas can be difficult.

**72. Which of these is not one of the tests used to determine whether a performance-pay plan will benefit an organization?**

- ▶ Do employees understand the plan?
- ▶ Is the plan improving communications?
- ▶ Does the plan pay out when it should?
- ▶ **Does the plan reduce management layers?**

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73. All of the following are the managerial issues for managing natural environment EXCEPT:

- ▶ Global warming- depletion of rain forests
- ▶ **Employee understanding about environment**
- ▶ Developing biodegradable products and packages
- ▶ Waste management to clean air and water

Special natural environmental issues include ozone depletion, global warming, depletion of rain forests, destruction of animal habitats, protecting endangered species, developing biodegradable products and packages, waste management, clean air, clean water, erosion, destruction of natural resources, and pollution control.

74. The methods which are used to match managers with strategies to be implemented include all of the following EXCEPT:

- ▶ **Transferring managers**
- ▶ Job enlargement
- ▶ Managers' retention
- ▶ Job enrichment

75. Which one of the following is an example of product decisions?

- ▶ **Brand name**
- ▶ Volume discounts
- ▶ Distribution channels



- ▶ Order processing

### Ref: Product Decisions

The term "product" refers to tangible, physical products as well as services. Here are some examples of the product decisions to be made:

- Brand name

- Functionality
- Styling
- Quality
- Safety
- Packaging

76. Which variable would be considered as a part of pricing decisions?

- ▶ Warranty

- ▶ Bundling

- ▶ Safety
- ▶ Functionality

### **Price Decisions**

Some examples of pricing decisions to be made include:

- Pricing strategy (skim, penetration, etc.)
- Suggested retail price
- Volume discounts and wholesale pricing
- Cash and early payment discounts
- Seasonal pricing
- Bundling
- Price flexibility

- Price discrimination

**77. Which one of the following is an example of place decisions?**

- ▶ Safety and packaging
- ▶ Personal selling
- ▶ Public relations & publicity
- ▶ **Order processing**

### Distribution (Place) Decisions

Distribution is about getting the products to the customer. Some examples of distribution decisions include:

- Distribution channels
- Market coverage (inclusive, selective, or exclusive distribution)
- Specific channel members
- Inventory management
- Warehousing
- Distribution centers
- **Order processing**
- Transportation
- Reverse logistics

**78. All of the following are the examples of promotion decision EXCEPT:**

- ▶ Personal selling

### ► Volume discounts

- Public relations
- Advertising

### Promotion Decisions

In the context of the marketing mix, promotion represents the various aspects of marketing communication, that is, the communication of information about the product with the goal of generating a positive customer response. **Marketing communication decisions include:**

- Promotional strategy (push, pull, etc.)

#### • Advertising

#### • Personal selling & sales force

- Sales promotions

#### • Public relations & publicity

- Marketing communications budget

**79. Which of the following is NOT a decision that may require finance/accounting policies?**

- To extend the time of accounts receivable
- To determine an appropriate dividend payout ratio
- To use LIFO, FIFO or a market-value accounting approach

### ► To determine the amount of product diversification

**Some examples of decisions that may require finance/accounting policies are:**

1. To raise the amount of capital by issuing shares or obtaining a debt from external parties.
2. To enhance the inventory turn over level
3. To make or buy fixed assets.

4. To extend the time of accounts receivable.

5. To establish a certain percentage discount on accounts within a specified period of time.

6. To determine the amount of cash that should be kept on hand

7. To determine an appropriate dividend payout ratio.

8. To use LIFO, FIFO

80. At least how many R & D approaches are used for the implementation of strategy?

▶ Two

▶ **Three**

▶ Four

▶ Five

Ref: There are at least three major R&D approaches for implementing strategies.

1. First firm to market new technological products

2. Be an innovative imitator of successful products

3. Low-cost producer of similar but less expensive products

81. While evaluating a strategy, corrective actions are almost always needed except:

▶ **When external and internal factors have not significantly changed**

▶ When the firm is not progressing satisfactorily toward objectives

▶ When the firm has not achieved the stated organizational goals

- ▶ When there are differences between desired results and achieved results

Notice that corrective actions are almost always needed except when (1) external and internal factors have not significantly changed and (2) The firm is progressing satisfactorily toward achieving stated objectives.

**82. Which one of the following statements best describes the activity 'marketing and sales' of Porter's supply chain model?**

- ▶ Machining, packaging, assembly, equipment maintenance & testing
- ▶ **Activities linked with getting buyers to purchase the product**
- ▶ Activities that maintain and enhance the product's value
- ▶ receiving, storing, inventory control & transportation planning

### The activities of the Value Chain

- **Primary activities (line functions)**

**Inbound Logistics** Includes receiving, storing, inventory control, transportation planning.

**Operations** Includes machining, packaging, assembly, equipment maintenance, testing and all other value-creating activities that transform the inputs into the final product

**Outbound Logistics** The activities required to get the finished product at the customers: warehousing, order fulfillment, transportation, distribution management.

**Marketing and Sales** The activities associated with getting buyers to purchase the product, including: channel selection, advertising, promotion, selling, pricing, retail management, etc.

**Service** The activities that maintain and enhance the product's value, including: customer support, repair services, installation, training, spare parts management, upgrading, etc.

83. Outbound logistics includes which one of the following?

- ▶ Receiving, storing, inventory control, transportation planning
- ▶ Machining, packaging, assembly, equipment maintenance, testing
- ▶ **Activities required to get the finished product at the customers**
- ▶ Activities that maintain and enhance the product's value

**Ref: Outbound Logistics.** The activities required to get the finished product at the customers: warehousing, order fulfillment, transportation, distribution management.

84. Which of the following is NOT a key financial ratio?

- ▶ Earnings per share
- ▶ **Production growth**
- ▶ Asset growth
- ▶ Profit margin

**Some key financial ratios that are particularly useful as criteria for strategy evaluation are as follows:**

1. Return on investment
2. Return on equity
- 3. Profit margin**
4. Market share
5. Debt to equity
- 6. Earnings per share**
7. Sales growth
- 8. Asset growth**

85. Which of the following statement is TRUE about 'Controls' which are used in strategy evaluation stage?

- ▶ They are strategy-oriented
- ▶ **They are action-oriented**
- ▶ They are control-oriented
- ▶ They are information-oriented

Ref: Controls need to be action-oriented rather than information-oriented.(Page no.154)

86. In BCG matrix, the size of circle corresponding to a division represents what?

- ▶ Relative market share of that division
- ▶ Financial strength of that division
- ▶ **Revenue generated by that division**
- ▶ Relative market growth of that division

Ref: Practical Use of the Boston Matrix

For each product or service the 'area' of the circle represents the value of its sales.  
(Page No.104)

87. If the capital and human resources of a firm are necessary to manage expanded operations and it also has excess production capacity, which would be an effective strategy for the firm to pursue?

▶ Market Penetration

▶ **Market Development**

▶ Divestiture

▶ Retrenchment

### Guidelines for Market Development

1-Six guidelines when market development may be an especially effective strategy are:

2-New channels of distribution that are reliable, inexpensive, and good quality

3-Firm is very successful at what it does

4-Untapped or unsaturated markets

5-Capital and human resources necessary to manage expanded operations

6-Excess production capacity

7-Basic industry rapidly becoming global

88. If the firm is very successful at what it does, unsaturated markets are available and the new inexpensive channels of distribution are also available, then which of the following strategies a company should follow?

▶ Market Penetration

▶ **Market Development**

▶ Product Development

▶ Retrenchment



Six guidelines when market development may be an especially effective strategy are:

- ☐ New channels of distribution that are reliable, inexpensive, and good quality
- ☐ Firm is very successful at what it does
- ☐ Untapped or unsaturated markets
- ☐ Capital and human resources necessary to manage expanded operations
- ☐ Excess production capacity
- ☐ Basic industry rapidly becoming global

**89. Which strategies are defensive tactics directed at reducing internal weaknesses and avoiding environmental threats?**

- ▶ SO
- ▶ WO
- ▶ SW
- ▶ **WT**

#### **Ref: WT Strategies**

Every firm has a desire to overcome its weakness and reducing threats. This type of strategy helpful when weaknesses are removed to overcome external threats

**90. Which of these is TRUE about strategy implementation?**

- ▶ It refers to positioning forces before the action
- ▶ It focuses on effectiveness
- ▶ **It is primarily an operational process**
- ▶ It is primarily an intellectual process

Strategy formulation is positioning forces before the action.

**Strategy implementation** is managing forces during the action.

Strategy formulation focuses on effectiveness.

**Strategy implementation** focuses on efficiency.

Strategy formulation is primarily an intellectual process.

**Strategy implementation is primarily an operational process.**

Strategy formulation requires good intuitive and analytical skills.

**Strategy implementation** requires special motivation and leadership skills.

Strategy formulation requires coordination among a few individuals.

**Strategy implementation** requires coordination among many persons.

**91. Which of the following is TRUE about Strategy formulation?**

- ▶ It manages forces during the action
- ▶ **It requires good intuitive and analytical skills**
- ▶ It is primarily an operational process
- ▶ It requires special motivation and leadership skills

**92. Identify a situation in which a divisional structure by geographic area is considered to be most appropriate.**

- ▶ **Organizations have similar branch facilities located in widely dispersed areas**
- ▶ An organization offers only a limited number of products or services
- ▶ Strict control and attention to product lines are needed
- ▶ An organization has many skilled managers

A divisional structure by geographic area is appropriate for organizations whose strategies need to be tailored to fit the particular needs and characteristics of customers in different geographic areas. This type of structure can be most appropriate for organizations that have similar branch facilities located in widely dispersed areas.

**93. All of the following are included in Rumelt's criteria for evaluating strategies EXCEPT:**

- ▶ Consonance
- ▶ Advantage
- ▶ Consistency
- ▶ **Clarity**

**Four Criteria (Richard Rummelt):**

- Consistency
- Consonance
- Feasibility
- Advantage

**94. Identify which of the following are mostly based on a firm's external assessment according to Richard Rumelt.**

- ▶ Consonance and consistency
- ▶ Advantage and feasibility
- ▶ **Consonance and advantage**
- ▶ Consistency and feasibility

Consonance and advantage are mostly based on a firm's external assessment,  
whereas consistency and feasibility are largely based on an internal assessment

**95. Identify a factor which determines the final design of a firm's strategy-evaluation and control system.**

- ▶ Opportunities
- ▶ External characteristics
- ▶ **Organization's characteristics**
- ▶ Competition's characteristics

**Ref:** The unique characteristics of an organization, including its size, management style, purpose, problems, and strengths, can determine a strategy-evaluation and control system's final design. (Page No.154)

**96. Which of the following is defined as having alternative plans that can be put into effect if certain key events do not occur as expected?**

- ▶ Corporate agility
- ▶ Scenario planning
- ▶ Forecasting
- ▶ **Contingency planning p; 155**

**FINAL TERM EXAMINATION**

**Spring 2010 (PAPER 3)**  
**MGT603- Strategic Management**

**97. Strategist is an individual who is involved in the strategic management process, thus may be known as:**

▶ Member board of director

▶ **President**

▶ Division manager s

▶ All of the given options

Ref: Strategists have various job titles, such as chief executive officer, president, and owner, chair of the board, executive director, chancellor, dean, or entrepreneur.

**98. The objectives set by a manager should have which of the following characteristics?**

▶ Should spell out how fast the company's strategy is to be implemented

▶ **Should be challenging and congruent among organizational units**

▶ Should include long-range performance targets but not short-range targets

▶ Should include financial performance targets but not strategic performance targets

. Ref: Objectives should be quantitative, measurable, realistic, understandable, challenging, hierarchical, obtainable, and congruent among organizational units.

**99. Which of the following is TRUE about anti-trust legislation?**

- ▶ This is the law intended to protect the ozone layer in the environment
- ▶ This is the law intended to regulate the tax rates in the economy
- ▶ **This is the law intended to promote free competition in the market**
- ▶ This is the law intended to regulate and register the patents

Ref: anti trust legislation where there is an effort to ban the monopolies. Some organizations think that monopolies should be banned.

**100. Financial ratios are helpful in analyzing the relationship between/among which of the following?**

- ▶ All assets and liabilities
- ▶ Profits and costs
- ▶ **All functional areas of business**
- ▶ Sales and profitability

Ref: *Financial ratio analysis* exemplifies the complexity of relationships among the functional areas of business. A declining return on investment or profit margin ratio could be the result of ineffective marketing, poor management policies,

**101. Which function of management includes areas such as job design, job specification, job analysis and unity of command?**

- ▶ Planning
- ▶ Motivating
- ▶ **Organizing**
- ▶ Leading

Ref: Organizing includes all those managerial activities that result in a structure of task and authority relationships. Specific areas include organizational design, job specialization, job descriptions, job specifications, span of the control, unity of command, coordination, job design, and job analysis.

**102. "Max Rent-a-Car" is opening car rental shops in Wal-Mart stores, is an example of which type of strategy?**

- ▶ Forward integration
- ▶ Backward integration
- ▶ **Related diversification**
- ▶ Unrelated diversification

Ref: Forward integration strategy refers to the transactions between the customers and firm forward integration strategy primarily to gain better control over prices charged to consumers.

**103. \_\_\_\_\_ refers to a strategy of seeking ownership or increased control over a firm's competitors.**

- ▶ Conglomerate diversification
- ▶ Backward integration
- ▶ **Horizontal integration**
- ▶ Concentric diversification

Ref: *Horizontal integration* refers to a strategy of seeking ownership of or increased control over a firm's competitors.

**104. The company acquires or develops new products that could appeal to its current customer groups even though those new products may be technologically unrelated to the existing product lines. Which of the following best describes the statement?**

▶ Retrenchment

▶ **Horizontal diversification**

▶ Market development

▶ Horizontal integration

Ref: Horizontal Diversification: Adding new, unrelated products or services for present customers.

105. SPACE matrix has four quadrants. All of the following are SPACE Matrix quadrants EXCEPT:

▶ Aggressive

▶ Defensive

▶ Competitive

▶ **Offensive**

Ref: contains four-quadrant named aggressive, conservative, defensive, or competitive strategies.

106. SPACE Matrix contains two types of dimensions. Which of the following are the two external dimensions to be considered in SPACE Matrix?

▶ **Environmental stability and industry strength**

▶ Environmental stability and competitive advantage

▶ Industry strength and competitive advantage

▶ Industry strength and Financial strength



Ref: SPACE Matrix represent two internal dimensions financial strength [FS] and competitive advantage [CA]) and two external dimensions (environmental stability [ES] and industry strength [IS]).

**107. What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-4, -4)?**

- ▶ Aggressive
- ▶ Conservative
- ▶ Competitive
- ▶ **Defensive**

**108. BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?**

- ▶ Market share and industry strength
- ▶ **Market share and market growth rate**
- ▶ Market growth rate and competitive position
- ▶ Market growth rate and environment stability

Ref: To use the chart, corporate analysts would plot a scatter graph of their business units, ranking their relative market shares and the growth rates of their respective industries

**109. Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:**

- ▶ **New investments**
- ▶ Production efficiency
- ▶ Distribution efficiency

► Product innovation

Ref: They depress a profitable company's return on assets ratio, used by many investors to judge how well a company is being managed. Dogs, it is thought, should be sold off.

**110. When a division of an organization has a high relative market share and is in a fast-growing industry, it will be categorized as which type in BCG matrix?**

► **Star**

► Cash cow

► Question mark

► Dog

Ref: Stars Units with a high market share in a fast-growing industry. The hope is that stars become the next cash cows.

**111. Which of the following is the first step in developing QSPM?**

► **Developing a list of the firm's key external and internal factors**

► Determining the Attractiveness Scores for each strategy

► Examine the Stage 2 matrices and identify alternative strategies

► Assigning weights to each key external and internal factor

**Step in developing QSPM**

1. Developing a list of the firm's key external and internal factors
2. Assigning weights to each key external and internal factor
3. Examine the Stage 2 matrices and identify alternative strategies
4. Determining the Attractiveness Scores for each strategy
5. Compute the Total Attractiveness Scores
6. Compute the Sum Total Attractiveness Score

112. Advantages of a functional organization structure would include all EXCEPT which one of the following?

- ▶ Promotes division and specialization of labor
- ▶ Promotes functional rivalry
- ▶ Promotes economic efficiency
- ▶ **Promotes delegation of authority**

Ref: Besides being simple and inexpensive, a functional structure **also promotes specialization of labor, encourages efficiency**, minimizes the need for an elaborate control system, and allows rapid decision making. Some disadvantages of a functional structure are that it forces accountability to the top, minimizes career development opportunities, and is sometimes characterized by low employee morale, line/staff conflicts, poor delegation of authority, and inadequate planning for products and markets.

113. Which one of the following is the organizational structure that most of the medium-size organizations follow?

- ▶ **Divisional structure**
- ▶ Strategic business unit
- ▶ Functional structure
- ▶ Matrix structure

Ref: Small firms tend to be functionally structured (centralized).

Medium-size firms tend to be divisionally structured (decentralized).

Large firms tend to use an SBU (strategic business unit) or matrix structure

**114. A divisional structure by geographic area is most appropriate in which of the following situation?**

► **Organizations have similar branch facilities in dispersed areas**

- Organization offers a limited number of products or services
- Organization needs strict control over product lines
- Organization has to serve a large geographic area

Ref: This type of structure can be most appropriate for organizations that have similar branch facilities located in widely dispersed areas

**115. Which of the following is best identified as being an adaptation of the divisional structure?**

- Vertical Integration

▶ **Strategic business units**

▶ Joint venture

▶ None of the given options

**116. "Performance comparison of organization business processes against an internal or external standard of recognized leaders." Identify the term relevant to the specified statement.**

▶ Restructuring

▶ Process redesign

▶ Reengineering

▶ **Benchmarking**

[http://www.adamssixsigma.com/Glossary\\_of\\_terms/six\\_sigma\\_glossary\\_B.htm](http://www.adamssixsigma.com/Glossary_of_terms/six_sigma_glossary_B.htm)

**117. After completing an EPS/EBIT analysis, what conclusions would you make?**

▶ Debt appears to be the best financing alternative

▶ Stock would be the best financing alternative

► **Combination of debt and stock is the best financial alternative**

- Dividends must be considered before concluding

118. What is a central strategy-implementation technique that allows an organization to examine the expected results of various actions and approaches?

- Financial budgeting
- TOWS analysis

► **Projected financial statement**

- External analysis

*REF: Pro forma (projected) financial statement analysis is a central strategy-implementation technique because it allows an organization to examine the expected results of various actions and approaches.*

119. Retained earnings are obtained by subtracting which of the two items?

► **Dividends from Net Income**

- EBIT from Net Income
- Taxes from EBIT
- Interest Expense from EBIT

*Ref:* Formula of Retained Earning= Net Income – Dividends

**120. XYZ Company has controlled its distributors so that no other firm can access the scarce natural resources available in the country, which are used in XYZ's production. This action is taken in order to reduce which of the following:**

- ▶ The bargaining power of customers
- ▶ The bargaining power of suppliers
- ▶ **The threat of new entrants**
- ▶ The threat of substitute products

*Ref:* The threat of new entrants

- o the existence of barriers to entry
- o economies of product differences
- o brand equity
- o switching costs
- o capital requirements
- o access to distribution
- o absolute cost advantages
- o learning curve advantages

- o expected retaliation
- o government policies

**121. Outbound logistics includes which one of the following?**

- ▶ Receiving, storing, inventory control, transportation planning.
- ▶ Machining, packaging, assembly, equipment maintenance, testing
- ▶ **Activities required to get the finished product at the customers**
- ▶ Activities that maintain and enhance the product's value

*Ref: Outbound Logistics. The activities required to get the finished product at the customers: Warehousing, order fulfillment, transportation, distribution management.*

**122. Which of the following statement is correct about operations?**

- ▶ It includes receiving, storing, inventory control & transportation planning
- ▶ **It includes machining, packaging, assembling, maintaining equipment testing**
- ▶ It includes the activities required to get the finished product at the customers
- ▶ It includes the activities that maintain and enhance the product's value

*Ref: Operations. Include machining, packaging, assembly, equipment maintenance, testing and all other value-creating activities that transform the inputs into the final product.*



123. All of the following are support activities of Porter's supply chain model EXCEPT:

▶ Firm Infrastructure

▶ Marketing and Sales primary activity

▶ Technology Development

▶ Procurement

Support activities (Staff functions, overhead)

1. Procurement
2. Technology Development
3. Human Resource Management
4. Firm Infrastructure

124. Adapting to change confronts an organization's strategic management to which of the following issue(s):

▶ What kind of business we should be in?

▶ Are we in the right field?

▶ should we reshape our business?

▶ All of the given options

Ref: change. The need to adapt to change leads organizations to key strategic management questions, such as "What kind of business should we become?" "Are we in right field?" "Should we reshape our business?" "Are new technologies being developed that could put us out of business?" (Page no.06)

**125. Which of the following is TRUE about Vision statement of a company?**

- ▶ It defines the customers
- ▶ **It concentrates on future**
- ▶ It identifies critical processes
- ▶ It informs about the desired level of performance

Ref: Many organizations today develop a "vision statement" which answers the question, what do we want to become?

**126. Mission of a business is the foundation of all of the following EXCEPT:**

- ▶ Priorities
- ▶ Strategies
- ▶ Plans
- ▶ **Wages**

Rationale: wages are short term plans or objectives where as mission statement addresses long term goals and plans.

127. Which of the following is FALSE about vision and mission statements?

▶ Vision statement gives the overall purpose of an organization while a mission statement describes a picture of the preferred future

▶ A vision statement describes how the future will look if the organization achieves its mission and a mission statement explains what the organization does

▶ Mission statement answers the questions what is our business and the vision statement answers the question what do we want to become

▶ Mission statement explains the current position and activities of a firm whereas vision statement explains the future objective.

Ref: Mission describes the overall purpose and vision describes the picture of preferred future.

128. The in-house R&D is a preferred solution in which of the following situations?

▶ Technological progress is slow and market growth is moderate

▶ Technology is changing rapidly and market is growing slowly

▶ Technology is changing slowly and market is growing quickly

▶ Both technological progress and market growth rate are fast.

*Ref:* If the rate of technical progress is slow, the rate of market growth is moderate, and there is a significant barrier to possible new entrants, then in-house R&D is the preferred solution.

**129. Identify a strategy which uses firm's internal strengths to take advantage of external opportunities.**

► **SO**

► WO

► SW

► WT

*Ref:* SO Strategies: Every firm desires to obtain benefit from its resources such benefit can only be obtained if utilize its strength to take external opportunity

**130. Which of the following includes the set of shared values, beliefs, attitudes, customs, norms, personalities, heroes and heroines that describe a firm?**

► Strategy

► **Culture**

► Mission

► Objectives

Ref: Organizational culture Defined in Table below *cultural products* include values, beliefs, rites, rituals, ceremonies, myths, stories, legends, sagas, language, metaphors, symbols, heroes, and heroines.

**131. The culture of a firm is important when considering strategies because:**

▶ Cultural products can support strategies so managers can often implement changes swiftly and easily

- ▶ Everyone in the firm should have a vote as to which strategies to implement
- ▶ Culture can dictate the choice of strategies
- ▶ Employees always welcome cultural change

Ref: Organizational culture significantly affects business decisions and, thus, must be evaluated during an internal strategic-management audit. If strategies can capitalize on cultural strengths, such as a strong work ethic or highly ethical beliefs, then management often can implement changes swiftly and easily.

**132. Which of the following is NOT a major factor that commonly prohibits effective resource allocation?**

- ▶ Overprotection of resources
- ▶ Organizational politics
- ▶ Vague strategy targets
- ▶ Ability to take risks

*Ref:* A number of factors commonly prohibit effective resource allocation, including an overprotection of Resources, too great an emphasis on short-run financial criteria, organizational politics, vague strategy Targets, a reluctance to take risks, and a lack of sufficient knowledge.

**133. Which of the following best describes “Just in time”?**

- ▶ Implementing strategies just before bankruptcy
- ▶ **delivering materials just as they are needed**
- ▶ A scheduling method for meetings
- ▶ A personnel planning method

With JIT, parts and materials are delivered to a production site just as they are needed

**134. Which of the following factors should be studied before locating production facilities?**

- ▶ Availability of major resources
- ▶ Location of major markets
- ▶ Availability of trainable employees
- ▶ **All of the given options**

135. All of the following are strategic responsibilities of the human resource manager EXCEPT:

- ▶ Assessment of staff needs
- ▶ Assessment of costs for alternative strategies
- ▶ Development of staffing plan

▶ Development of financial plan

Ref: Staffing need of the organization and its cost is an important function of the human resource manager. The other main concerns include health, safety and security of the workers. The plan must also include how to motivate employees and managers during a time when layoffs are common and workloads are high.

136. Identify a reason due to which market segmentation is considered to be an important variable in strategy implementation.

- ▶ All company strategies require increased sales through new markets and products
- ▶ It allows a firm to operate with limited resources
- ▶ Market segmentation decisions directly affect marketing mix variables

▶ All of the given options

REF: First, strategies such as market development, product development, market penetration, and diversification require increased sales through new markets and products.

Market segmentation allows a firm to operate with limited resources because mass production, mass distribution, and mass advertising are not required.

Finally, market segmentation decisions directly affect marketing mix variables: product, place, promotion, and price

137. All of the following are key financial ratios EXCEPT:

- ▶ Market share
- ▶ **Production quality**
- ▶ Earnings per share
- ▶ Return on equity

Ref: Some key financial ratios: Return on investment, Return on equity, Profit margin, Market share, Debt to equity, Earnings per share, Sales growth, and Asset growth.

### FINAL TERM EXAMINATION

**Spring 2010 (PAPER 4)**

MGT603- Strategic Management (Session - 3)

138. Concentric Diversification involves heading towards which of the following?

- ▶ **Adding new, but related, products or services**
- ▶ Adding new, unrelated products or services
- ▶ Regrouping through cost and asset reduction
- ▶ Adding unrelated products or services for new customers



**139. Which of the following is often considered the first step in strategic planning?**

- ▶ Devising a mission statement
- ▶ **Developing a vision statement**
- ▶ Setting annual objectives
- ▶ Formulating set of strategies

**140. Which of the following can be considered as a factor of internal strengths and weaknesses of an organization?**

- ▶ Technological changes
- ▶ **Production/operations**
- ▶ Demographics
- ▶ Competitive trends

**141. Long-term objectives includes all of the following EXCEPT:**

- ▶ Measurable
- ▶ Reasonable
- ▶ **Varying**
- ▶ Consistent

[Ref: The Nature of Long-Term Objectives](#)

Objectives should be quantitative, measurable, realistic, understandable, challenging, hierarchical, obtainable, and congruent among organizational units..(Page No.09)

**142. All of the following statements are true about a firm's mission statement EXCEPT:**

▶ **A mission statement directly contributes positively to financial performance**

- ▶ A mission statement does not directly contribute positively to financial performance
- ▶ A mission statement should not provide useful criteria for selecting among alternative strategies
- ▶ Primary reason to develop a mission statement is not to attract the customers

**143. According to 'Peter Drucker', what is the prime task of strategic management?**

- ▶ To develop the vision of the business
- ▶ Effectively evaluate the strategies
- ▶ **To think through the overall mission of a business**
- ▶ Develop alternative set of strategies

144. "A complex set of basic underlying assumptions and deeply held beliefs shared by all members of the group and drive in important ways the behavior of individuals in the organizational context" is known as:

- ▶ Internal audit
- ▶ **Organizational culture**
- ▶ Internal assessment
- ▶ Organizational strategy

145. Which of these is the allocation and reallocation of capital and resources to projects, products, assets and divisions of an organization

- ▶ **Investment decision**
- ▶ Financing decisions
- ▶ Restructuring decisions
- ▶ Strategic decision

Ref: The investment decision, also called capital budgeting, is the allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization. (Page No.64)

146. Amir, a sole proprietor, uses the information system to ask the question; "What if the prices will decrease by 16% in the next year?" Which of the following functions the information system is performing for Amir?

- ▶ Functional support role
- ▶ **Decisional support role**

- ▶ Managerial support role
- ▶ Analytical supporting role

Ref: The business decision-making support function goes one step further. It becomes an integral part -- even a vital part -- of decision -making. It allows users to ask very powerful "What if...?" questions: What if we increase the price by 5%? What if we increase price by 10%?(Page No.73)

**147. Which of the following is sometimes referred as “the mystery approach to decision making, when subordinates are left to figure out what is happening and why”?**

- ▶ Managing by hope
- ▶ Managing by extrapolation
- ▶ Managing by crisis
- ▶ **Managing by subjectives**

Ref: Managing by Subjective— built on the idea that there is no general plan for which way to go and what to do; just do the best you can to accomplish what you think should be done. In short, "Do your own thing, the best way you know how" (sometimes referred to as *the mystery approach to decision making* because subordinates are left to figure out what is happening and why).(Page no.79)

**148. The purpose of an external audit is to prepare a list of which of the following?**

- ▶ Opportunities and weaknesses
- ▶ Threats and strengths

► Opportunities and threats

- Strengths and weaknesses

149. Defensive strategies include all of the following EXCEPT:

- Retrenchment

► Acquisition

- Divestiture
- Liquidation

150. Smoothies Tire & Rubber Co. is selling its North American tire business to Avinza International, is an example of which type of strategy?

- Related diversification
- Retrenchment

► Divestiture

- Liquidation

Ref: Selling a division or part of an organization is called *divestiture*. Divestiture often is used to raise capital for further strategic acquisitions or investments. Divestiture can be part of an overall retrenchment strategy to rid an organization of businesses that are unprofitable, that require too much capital, or that do not fit well with the firm's other activities.

151. Which stage of the “Strategy Formulation Framework” includes an External Factor Evaluation Matrix and a Competitive Profile Matrix?

- ▶ Matching
- ▶ Decision
- ▶ **Input**
- ▶ All of the given options

Ref: Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the *Input Stage*.(Page No.97)

**152. Which one of the followings is a sign of strength in a company's competitive position?**

- ▶ A website with extensive information about the company and its product line
- ▶ Annual R&D and advertising expenditures greater than Rs.10 million
- ▶ **A strongly differentiated product, a strong or rising market share**
- ▶ A debt-to-asset ratio below 0.50 and a positive net cash flow and higher EPS

**153. Firm with its SPACE matrix vector in conservative quadrant should peruse all of the following strategies EXCEPT:**

- ▶ Market penetration
- ▶ Product development
- ▶ Market development
- ▶ **Divestiture**

Ref: Quadrant 2 is known as conservative quadrant. In this quadrant, following strategies can be followed:

*Quadrant II*

**Market development**

**Market penetration**

**Product development**

**Horizontal integration**

**Divestiture**

**Liquidation** (Page no.107)

**154.** All of the following would be considered while judging the financial strength of an organization EXCEPT:

▶ Increase in revenues

▶ **Market share**

▶ Return on Investment

▶ Cash flow statement

Ref: Determining financial strengths and weaknesses key to strategy formulation

Investment decision (Capital budgeting)

Financing decision

Dividend decision

Market share cannot be determined by above 3 decisions.

**155.** Which one of the following is NOT a major region of IE matrix?

- ▶ Grow and build
- ▶ **Grow and maintain**
- ▶ Hold and maintain
- ▶ Harvest or divest

Ref: IE Matrix divided into three major regions.

Grow and build – Cells I, II, or IV

Hold and maintain – Cells III, V, or VII

Harvest or divest – Cells VI, VIII, or IX

**156. Which of the following strategy should be perused first by the Irtiza Insurance Company as it is located in Quadrant III of the Grand Strategy Matrix?**

- ▶ Diversification
- ▶ Liquidation
- ▶ **Retrenchment**
- ▶ Divestiture

Ref: In quadrant III strategies should be followed in following sequence:

*Quadrant III*

1. **Retrenchment**
2. Concentric diversification
3. Horizontal diversification
4. Conglomerate diversification
5. Liquidation



157. According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?

- ▶ I
- ▶ II
- ▶ III
- ▶ IV

Ref: See table on page 107.

158. Which of the following is TRUE about weights assigned in QSPM?

- ▶ This refers to preference assigned to the internal and external factors
- ▶ This refers to relative importance of the internal and external factors
- ▶ This refers to the insignificance of the internal and external factors
- ▶ This refers to the relative size of the internal and external factors

Ref: The weight assigned to a given factor indicates the relative importance of the factor to being successful in the firm's industry. (Page No.75)

159. Which of the following is the first step in preparing a pro forma financial analysis?

- ▶ Prepare the projected balance sheet
- ▶ Perform EPS/EBIT analysis
- ▶ Calculate the projected net income

### ► Prepare the projected income statement

There are six steps in performing pro forma financial analysis:

1. Prepare income statement before balance sheet (forecast sales)
2. Use percentage-of-sales method to project CGS and expenses
3. Calculate projected net income
4. Subtract dividends to be paid from Net Income and add remaining to Retained Earnings
5. Project balance sheet times beginning with retained earnings
6. List comments (remarks) on projected statements.

**160. In preparing projected statements, to project cost of goods sold and the expense items in the income statement, which of the following is recommended?**

- Use the net worth method
- EPS/EBIT analysis
- **Use percentage-of-sales method**
- Use price-earnings ratio method

Use percentage-of-sales method to project CGS and expenses

**161. At least how many approaches are used for the implementation of strategy?**

- Two

▶ Three

▶ **Four**

▶ Five

**162. Managerial disorder and strategic deviation will appear if there is power struggle and conflicts among the departments of organization. The situation negates which one of the Rumelt's criteria?**

▶ **Consistency**

▶ Consonance

▶ Feasibility

▶ Advantage

Ref: Consistency: Strategy should not present inconsistent goals and policies.

• Conflict and interdepartmental bickering symptomatic of managerial disorder and strategic inconsistency

**163. All of the following are the examples of service activity of Porter's supply chain model EXCEPT:**

▶ Customer support

▶ **Packaging**

▶ Repair services

▶ Installation

Ref: Service. The activities that maintain and enhance the product's value, including: customer support, repair services, installation, training, spare parts management, upgrading, etc.

**164. All of the following are primary activities of Porter's supply chain model EXCEPT:**

- ▶ Marketing and Sales
- ▶ Outbound Logistics
- ▶ **Firm Infrastructure**
- ▶ Inbound Logistics

Rationale: Firm Infrastructure is included in support activities.(Page no.147)

**165. Which of the following statement is TRUE about Inbound Logistics?**

- ▶ **It includes receiving, storing, inventory control & transportation planning**
- ▶ It includes machining, packaging, assembly, equipment maintenance & testing
- ▶ It includes activities required to deliver the finished product to the customers' end
- ▶ It includes the activities that maintain and enhance the product's value

**Inbound Logistics.** Includes receiving, storing, inventory control, transportation planning.

**166. A revised EFE Matrix should focus on which of the following?**

- ▶ Changes in the organization's management, marketing R & D, computer information system and environment.
- ▶ Marketing, finance/accounting, production/operations, R&D and computer information systems strengths and weaknesses

▶ **Effectiveness of a firm's strategies in response to key opportunities and threats**

- ▶ Effectiveness of an organization's strategy in pursuing the competitive goals and managerial actions

A revised EFE Matrix should indicate how effective a firm's strategies have been in response to key opportunities and threats.

**167. Alternative strategy is decided in decision stage of Strategy-Formulation Framework. Which matrix is used in this stage to serve this purpose?**

- ▶ BCG Matrix
- ▶ SPACE Matrix
- ▶ IE Matrix
- ▶ **QSPM Matrix**

Ref: The Quantitative Strategic Planning Matrix (QSPM)

The last stage of strategy formulation is decision stage. In this stage it is decided that which way is most appropriate or which alternative strategy should be select. This stage contains QSPM that is only tool for objective evaluation of alternative strategies. (Page no.110)

168. Input stage of strategy formulation framework includes developing which of the following set of matrices?

- ▶ IFE, EFE and QSPM matrix
- ▶ IFE, IE and BCG matrix
- ▶ IFE, CPM and EFE matrix
- ▶ EFE, IE and CPM matrix

Ref: Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix Called the *Input Stage*. (Page No.97)

169. Identify a case when a firm should adopt aggressive strategies.

▶ If a firm's directional vector is located in upper-right quadrant of a SPACE matrix

- ▶ If a firm's directional vector is located in upper-left quadrant of a SPACE matrix
- ▶ If a firm's directional vector is located in lower-right quadrant of a SPACE matrix
- ▶ If a firm's directional vector is located in lower-left quadrant of a SPACE matrix

170. Firms located in which quadrant of the Grand Strategy Matrix are in an excellent strategic position?

▶ I

▶ II

▶ III

► IV

Quadrant I of the Grand Strategy Matrix is in an excellent strategic position

**171. Which of the following is the best divisional structure when a few major customers are of paramount importance and many different services are provided to these customers?**

► By geographic area

► **By customer**

► By product

► By process

Ref: This structure allows an organization to cater effectively to the requirements of clearly defined customer groups. For example, book publishing companies often organize their activities around customer groups such as colleges, secondary schools, and private commercial schools.(Page no.119)

**172. How can an ESOP empower employees?**

► **It empowers employees to work as owners**

► It empowers employees to make financial plan

► It empowers employees to assess customer's needs

► It empowers employees to give training to other workers

Ref: an *employee stock ownership plan (ESOP)*, are corporations owned in whole or in part by their employees. Employees are usually given a share of the

corporation after a certain length of employment or they can buy shares at any time.(Page no.128)

**173. All of the following steps are required in product positioning EXCEPT:**

► Select key criteria that effectively differentiate products or services in the industry

► **Position your firm in the middle of the map**

► Plot major competitors' products or services in the resultant matrix

► Identify areas in the positioning map where the company's products or services could be most competitive in the given target market

**Ref: The following steps are required in product positioning:**

1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.
3. Plot major competitors' products or services in the resultant four-quadrant matrix.
4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).
5. Develop a marketing plan to position the company's products or services appropriately.



174. Some potential problems associated with using quantitative criteria for evaluating strategies include all of the following EXCEPT:

▶ Most quantitative criteria are geared to annual objectives rather than long-term objectives

▶ **These ratios use qualitative data for evaluating strategies which often is not available**

▶ Different accounting methods can provide different results on many quantitative criteria

▶ Intuitive judgments are almost always involved in deriving quantitative criteria

Rationale: Ratios always use quantitative data for evaluation which is often not available.

175. Which of the following is MOST appropriate about financial ratios?

▶ **Compare a firm's performance with competitors**

▶ Compare a firm's performance with suppliers

▶ Compare a firm's performance with non-financial ratios

▶ Compare a firm's performance with business standards

Ref: Quantitative criteria commonly used to evaluate strategies are financial ratios, which strategists use to make three critical comparisons: (1) comparing the firm's performance over different time periods, (2) comparing the firm's performance to competitors', and (3) comparing the firm's performance to industry averages..(Page no.151)

## **FINAL TERM EXAMINATION**

**Fall 2009 (PAPER 5)**

**MGT603- Strategic Management (Session - 4)**

**176. Which of the following is NOT included in the strategic management model?**

- ▶ Measure and evaluate performance
- ▶ Establish long-term objectives
- ▶ Develop mission and vision statements
- ▶ **Perform internal research to identify customers**

**177. A mission statement should “reconcile interests among diverse stakeholders”. What does it mean?**

- ▶ All shareholders must be satisfied
- ▶ Shareholders should be given preference over customers
- ▶ **Firm will devote attention to meeting claims of various stakeholders**
- ▶ Firm will devote its attention towards the maximization of shareholders value

**178. Which of the following is the first step in the controlling function of management?**

- ▶ Take corrective actions
- ▶ Restrict breaks employees take
- ▶ Evaluate expense reports
- ▶ **Establish performance standards**

**179. Which of the following allows an organization to test alternative marketing plans and to forecast future sales of new products?**

- ▶ Marketing
- ▶ Advertisement
- ▶ **Test marketing**
- ▶ Customer analysis

**180. The steps required to perform cost/benefit analysis include all BUT:**

- ▶ Comparing the total costs with the total benefits
- ▶ Figure out the total costs associated with a decision
- ▶ Approximation of the total benefits from the decision
- ▶ **Adding the total cost and total benefit**

**181. In strategy formulation phase, what can be the problem when only financial ratios are used to measure organizational performance?**

- ▶ **They need to be compared with competitors'**
- ▶ They are only understandable by accountants
- ▶ There are many different measures available
- ▶ The measures are usually inconsistent

Financial measures need to be compared with competitors to have any value in a strategic sense

**182. The IFE matrix summarizes and evaluates which factors in the functional areas of a business?**

- ▶ Opportunities and threats
- ▶ **Strengths and weaknesses**
- ▶ Strengths and threats
- ▶ Opportunities and weaknesses

**183. The Web sites that sell products directly to the consumers are the examples of which type of strategy?**

- ▶ Backward integration
- ▶ Product development
- ▶ **Forward integration**
- ▶ Horizontal integration

**184. Which of the followings best describes the Horizontal Integration?**

- ▶ A firm takes over a supplier
- ▶ A firm takes over a distributor
- ▶ **A firm takes over a competitor**
- ▶ A firm takes over a manufacturer

**185. Which of the following is a drawback or limitation of Horizontal Integration?**

- ▶ **Synergies may be more imaginary than real**
- ▶ It can increase suppliers' and buyers' bargaining power
- ▶ Economies of scale are likely to be decreased
- ▶ Both the first & third options are correct

**186. Competitive advantage based on differentiation derives from:**

- ▶ Being the lowest cost producer in the industry and offering the lowest priced products
- ▶ Having processes and systems which are different from competitors
- ▶ **Offering products which offer different benefits from competitors' and are valued by buyers**
- ▶ Having the broadest range of different goods and services in the industry

187. All of the following situations are conducive to market development EXCEPT:

- ▶ **When new channels of distribution are expensive**
- ▶ When new untapped or unsaturated markets exist
- ▶ When an organization has excess production capacity
- ▶ When an organization's basic industry is becoming rapidly global

188. Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?

- ▶ **Liquidation**
- ▶ Integration
- ▶ Differentiation
- ▶ Diversification

189. ABC firm has high production cost in Pakistan due to expensive raw material. The firm is formulating the strategy of capturing the European market as prices of raw material used in ABC firm's products is relatively low in European market and demand is also there for the firm's products. Which of the following strategy the firm is going to use?

▶ **WO**

▶ SW

▶ ST

▶ WT

**190. What of the following strategy would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-5, -2)?**

▶ Market penetration

▶ Market development

▶ Backward integration

▶ **Retrenchment**

**191. ABC company is competing in an industry where the growth rate of that industry from year to year has reached zero or is close to zero, ABC is operating in which industry?**

▶ Growing industry

▶ Emerging industry

▶ Mature industry

▶ **Declining industry**

**192. IE matrix is based on which dimensions?**

▶ Market share and industry growth

▶ Financial strength and industry strength

▶ **Weighed scores of IFE and EFE matrices**

▶ Market growth and competitive position

**193. How can the divisions that fall in hold and maintain region of IE matrix be best managed?**

▶ **Market penetration and product development**

- ▶ Forward integration and backward integration
- ▶ Horizontal diversification and joint venture
- ▶ Mergers and acquisitions

**194. In Grand strategy matrix what will be the appropriate quadrant for the Ahmad textiles if it is operating in slow growing market and holds weak competitive position?**

- ▶ Quadrant I
- ▶ Quadrant II
- ▶ **Quadrant III**
- ▶ Quadrant IV

**195. Numerical values that indicate the relative attractiveness of each strategy in a given set of alternative strategies is referred as:**

- ▶ Total attractiveness score
- ▶ **Attractiveness score**
- ▶ Weighted score
- ▶ Total weighted score

Attractiveness Scores (AS) defined as numerical values that indicate the relative attractiveness of each strategy in a given set of alternatives

**196. What can be the limitation of QSPM?**

- ▶ Only a few strategies can be evaluated simultaneously
- ▶ The cost of doing the analysis is very high
- ▶ **Intuitive judgments and educated assumption are required**
- ▶ It requires equal participation of everyone in organization

**197. Which organizational structure is the most simple and economical?**

- ▶ Strategic business unit
- ▶ **Functional structure**
- ▶ Divisional structure
- ▶ Matrix structure

**198. All of the following fall under the category of restructuring EXCEPT:**

- ▶ Reducing number of employees
- ▶ **Reducing number of shareholders**
- ▶ Reducing number of divisions
- ▶ Reducing number of hierarchical levels

Involves reducing the size of the firm in terms of number of employees, number of divisions or units, and number of hierarchical levels in the firm's organizational structure

**199. Which one of the following is Educative change strategy?**

- ▶ Giving orders to subordinates and enforcing those orders
- ▶ Changing the strategy of educational institutions
- ▶ **Presenting information to convince people of the need for change**
- ▶ Attempting to convince individuals that the change is for their interest



The educative change strategy is one that presents information to convince people of the need for change

200. Under Just in Time (JIT) approach, when the new stock is ordered?

- ▶ When stock comes to an end
- ▶ **When stock reaches the re-order level**
- ▶ On 1<sup>st</sup> of each month
- ▶ At the start of the year

201. Which one of the following variables is not directly affected by market segmentation?

- ▶ Product
- ▶ Place
- ▶ **Process**
- ▶ Price

202. In the low earnings period, which one of the following can endanger stockholders' return and can put in danger the company survival?

- ▶ **Too much debt in the capital structure**
- ▶ Too much liquid assets in the capital structure
- ▶ Too much equity in the capital structure
- ▶ Too much tax in the capital structure

203. Which element in the projected income statement cannot be forecasted using the percentage-of-sales method?

- ▶ Cost of goods sold
- ▶ **Interest expense**
- ▶ Selling expense
- ▶ Administrative expense

**204. Which of these is the most common type of budgeting time frame?**

- ▶ Daily
- ▶ Monthly
- ▶ Quarterly
- ▶ **Annually**

**205. Which of the following is NOT accepted for determining a business worth?**

- ▶ Firm's holdings
- ▶ Firm's earnings
- ▶ **Firm's return on investment**
- ▶ Firm's bringing in to the market

1. What a firm owns (hold)
2. What a firm earns
3. What a firm will bring in the market.

**206. If technology is changing rapidly and the market is growing slowly then what decision the firm should take regarding R & D?**

- ▶ In-house R&D should be established
- ▶ Acquisition of a well-established firm in the industry
- ▶ **R&D investment is risky, so don't take any action**

- ▶ Obtain R&D expertise on a nonexclusive basis

**207. Which of the following is NOT one of the major approaches to R&D?**

- ▶ To be an innovative imitator of successful products
- ▶ To be a low-cost producer by mass-producing products
- ▶ **To be a differentiated products manufacturer in industry**
- ▶ To be the first firm to market new technological products

**208. What is the appropriate time frame for strategy-evaluation activities?**

- ▶ At the beginning of a problem
- ▶ **On a continuous basis**
- ▶ Upon completion of major projects
- ▶ After the closing of financial year

**209. To make changes in the organization's management, marketing, finance/accounting and R&D, which one of the following should be focused?**

- ▶ Revised mission
- ▶ **Revised IFE matrix**
- ▶ Revised EFE matrix
- ▶ Revised EPM matrix

**210. A revised IFE Matrix should focus on which one of the following?**

- ▶ Changes in the organization's management, marketing R & D, computer information system and external environment.

► Marketing, finance/accounting, production/operations, R&D and computer information systems strengths and weaknesses

- Effectiveness of a firm's strategies in response to key opportunities and threats
- Effectiveness of an organization's strategy in pursuing the competitive goals and managerial actions

211. Which of the following statement is TRUE about most of the quantitative criteria of evaluating strategies?

► These are geared to annual objective

- These are geared to short-term objective
- These are geared to long-term objective
- These are geared to social objectives

Most quantitative criteria are geared to annual objectives

212. Which one of the following is NOT correct about financial ratios?

- These are used to compare the firm's performance over different time periods
- These are used to compare the firm's performance relevant to its competitors'
- These are used to compare the firm's performance in relation to industry averages

► These are used to compare the firm's performance in relation to future trends

213. Which of the following enables the firm to create superior value for its customers and superior profits for itself in comparison to its rival firms?

► **Competitive advantage**

- Comparative advantage
- Differential advantage
- Suitable advantage

**214. Which of the following environment includes all those factors which affect the organization and is itself affected by the organization?**

► **Task environment**

- Social environment
- External environment
- Internal environment

**215. Non-financial benefits of strategic management include all of the following EXCEPT:**

- Enhanced awareness of threats
- Reduced resistance to change

► **Increase in sales**

- Better awareness of external threats

**216. Which cell of the TOWS Matrix involves matching internal strengths with external opportunities?**

- The WT cell

► **The SO cell**

- The SW cell
- The ST cell

217. In the Boston Consulting Group (BCG) growth-share matrix, which strategy in the matrix describes large generation of cash and heavy investment needed to grow and maintain competitive positioning but net cash flow is usually modest?

► Stars

- Dogs
- Cash cows
- Question marks

<http://arjun.net.np/bba/bcg.php>

218. Which of the following best describes “Strategy Implementation”?

- It refers to positioning forces before the action
- It focuses on effectiveness
- It requires coordination among many individuals
- It requires coordination among few individuals

219. There are numerous external and internal factors that can prohibit firms from achieving long-term and annual objectives. Which of the following is NOT an external factor?

- Actions by competitors
- Changes in technology
- Changes in demand
- Ineffective strategies

220. According to “Linneman and Chandran”, which of the following permits quick response to change, prevents panic in crisis situations and makes managers more adaptable?

- ▶ Forecasting
- ▶ **Contingency planning**
- ▶ Taking corrective actions
- ▶ Environmental scanning

## **FINAL TERM EXAMINATION**

Fall 2008 (paper 6)

MGT603- Strategic Management (Session - 1)

**221. Strategic management integrates all of the following areas EXCEPT:**

Management

Marketing

Research and development

**Human resource management**

Explanation: The study of strategic management integrates different topics.

Different courses are integrated due to the study of this course so that businesses become successful in every sector. It integrates the following:

1. Marketing
2. Management
3. Finance
4. Research and development

**222. Which type of trend can be exemplified by the increase in average level of education in a society?**

Cultural

Technological

Economic

**Social**

**223. All of the following fall under the category of Process functions of production management EXCEPT:**

Choice of technology

**Quality assurance**

Process flow analysis

Transportation analysis

Process decisions concern the design of the physical production system. Specific decisions include choice of technology, facility layout, process flow analysis, facility location, line balancing, process control, and transportation analysis.

**224. A planned activity aimed at discovery of new knowledge with the hope of developing new or improved products and services and translation of its findings into a plan or design of new or improved products and services is known as:**

Marketing

**Research and development**

Production



Management information system

225. \_\_\_\_\_ become/s information only when it/they is/are evaluated, filtered, condensed, analyzed and organized for a specific purpose, problem, individual, or time

Material

**Data**

Competitive advantages

Competitor analysis

226. The extent to which a business concentrates on a narrowly defined market is best referred to as:

**Niche strategy**

Cost leadership strategy

Differentiation strategy

Segmentation

**Niche Marketing:** - Segment is a large identifiable group within a market. -

Niche is a more narrowly defined group.

**Niche Marketing**

A niche is a more narrowly defined group, (typically a small market whose needs are not being well served). Marketers usually identify niches

by dividing a segment into sub segments or by defining a group seeking a distinctive mix of benefits. For example, a tobacco company might identify two sub segments of heavy smokers: those who are trying to stop smoking, and those who don't care.

<http://www.scribd.com/doc/26697096/target-marketing-and-marketing-segmentation>

**227. under which of the following conditions, Concentric Diversification would be particularly an effective strategy to pursue?**

When an organization has grown so large so quickly that major internal reorganization is needed

**When sales of current products would increase intensively by adding the new related products**

When revenues from current products/services would increase significantly by adding the new unrelated products

When current products are in maturity stage of the product life cycle

### **Guidelines for Concentric Diversification**

Five guidelines when concentric diversification may be an effective strategy are provided below:

- Competes in no- or slow-growth industry
- **Adding new & related products increases sales of current products**
- New & related products offered at competitive prices
- Current products are in decline stage of the product life cycle
- Strong management team

**228. Which of the following stages in the strategy-formulation framework focuses on summarizing the basic information needed to formulate strategies?**

Output

**Input**

Decision

Matching

Input Stage, Stage 1 summarizes the basic input information needed to formulate strategies.

**229. Which of the following stages of Strategy Formulation Framework involves development of Internal-Factor Evaluation Matrix?**

**Input stage**

Output stage

Matching stage

Decision stage

**Stage-1 (Formulation Framework)**

1. External Factor Evaluation

2. Competitive matrix profile

3. Internal Factor Evaluation

**230. Which of the following stages of strategy formulation framework involves development of Internal External Matrix?**

Input stage

Output stage

**Matching stage**

Decision stage

**Stage-2 (Matching stage)**

1. TWOS Matrix (Threats-Opportunities-Weaknesses-Strengths)
2. SPACE Matrix (Strategic Position and Action Evaluation)
3. BCG Matrix (Boston Consulting Group)
4. IE Matrix (Internal and external)
5. GS Matrix (Grand Strategy)

**231. In order to avoid the emergence of substitute Products**

**Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?**

SO Strategy

WO Strategy

WT Strategy

**ST Strategy**

**232. What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-2, +3)?**

Aggressive

**Conservative**

Competitive

Defensive

**233. Which of the following is NOT a step for the preparation of a SPACE matrix?**

Select a set of variables to relating to financial strength, competitive advantage, environmental stability, and industry strength

Assign a numerical value ranging from +1 (worst) to +6 (best) to each of the variables that make up the financial strength and industry strength dimensions

**Assign weights to the variables according to their relative importance for the firm**

Compute an average score and dividing by the number of variables

#### Steps for the preparation of SPACE Matrix

The steps required to develop a SPACE Matrix are as follows:

1. Select a set of variables to relating to financial strength, competitive advantage, environmental stability, and industry strength

2. Assign a numerical value ranging from +1 (worst) to +6 (best) to each of the variables that make up the financial strength and industry strength dimensions.

Assign a numerical value ranging from -1 (best) to -6 (worst) to each of the variables that make up the environmental stability and competitive advantage dimensions.

3. Compute an average score and dividing by the number of variables

4. Plot the average scores in the SPACE Matrix.

5. Add the two scores on the x-axis and plot the resultant point on X. Add the two scores on the y-axis and plot the resultant point on Y. Plot the intersection of the new xy point.

6. Draw a directional vector from the origin of the SPACE Matrix through the new intersection point.

**234. What is the product of weights and attractiveness scores for each strategy in QSPM?**

Sum total attractiveness scores

**Total attractiveness scores**

Weighted scores

Total weighted scores

Compute the Total Attractiveness Scores. Total Attractiveness Scores are defined as the product of multiplying the weights (Step 2) by the Attractiveness Scores (Step 4) in each row.

<http://www.mba-tutorials.com/strategy/230-quantitative-strategic-planning-matrix-qspm.html>

**235. Which of the following is a corporate level objective?**

Getting 75% customer awareness of company's brand in target markets

**Increasing earnings per share by at least 10%**

Building customer database of at least 250,000 companies

Achieving a 10% share of International market

### (1) Corporate level

These are objectives that concern the business or organization as a whole

Examples of "corporate objectives might include:

1. We aim for a return on investment of at least 15%
2. We aim to achieve an operating profit of over £10 million on sales of at least £100 million
3. We aim to increase earnings per share by at least 10% every year for the foreseeable future

**236. The manager of MZ firm has defined the goal that the firm wants to increase its production by at least 200 units in size. Thus, which part of the SMART criteria has been focused by the firm through this goal statement?**

Specific

**Measurable**

Achievable

Relevant

**237. Mr. Ali, the operations manager of ABC Company did not agree with the proposal of marketing manager - Mr. Zeeshan at the meeting regarding launch of a new product. There was an exchange of hot word among them. The matter was referred to CEO, so that the conflict could be resolved, but the CEO did**

not take any action in the hope that the conflict will resolve itself. The statement describes which of the conflict resolution mood?

**Avoidance**

Compliance

Diffusion

Confrontation

Avoidance is sometimes the best course of action. Often time will fix whatever problem has existed and trying to fix it yourself will just make it worse. Still this rarely works. More often than not, avoiding conflict is just a sign of an inability to successfully manage problems. The conflict avoider often develops rationales for the conflict, dodges meetings or conversations where conflict is present, and hopes the conflict will resolve itself on its own.

238. Ahmad fisheries is going to arrange a meeting with AH& T distributors so that the matters regarding wrong delivery by AH & T and conflict arising from it can be settled. Which of the following conflict resolving approach is followed in the situation?

Avoidance

**Confrontation**

Resistance

Diffusion

239. Of the following, which one is least likely to be considered an advantage presented by a matrix organizational structure?



It facilitates the use of highly specialized staff and equipment

It minimizes the project cost because the key people can be shared

**It can raise dual reporting and communication problems**

It provides excellent training ground for strategic managers

[http://docs.google.com/viewer?a=v&q=cache:X3a8FeyB6cQJ:faculty.ksu.edu.sa/73861/Documents/courseslectures/MANAGEMENT/ORGANIZATIONAL%2520STRUCTURE.ppt+an+advantage+a+matrix+organizational+It+facilitates+the+use+of+highly+specialized+staff+and+equipment&hl=en&gl=pk&pid=bl&srcid=ADGEESh9\\_IL0CrOe6ZNHKvc1BSagyOm\\_UMDvru\\_FcCwroVVXDbxBuBR6N2S6iXWbGH\\_maCEuxHNpaclwKAQYBy8ZFnwbi-Y9uQ0W0u4vRqKNPHmJyFWjQDhnTeadgS9BGnUN9cTI37Ot&sig=AHIEtbTselJRbaE2pHf1dNqxCAURI6NjRg](http://docs.google.com/viewer?a=v&q=cache:X3a8FeyB6cQJ:faculty.ksu.edu.sa/73861/Documents/courseslectures/MANAGEMENT/ORGANIZATIONAL%2520STRUCTURE.ppt+an+advantage+a+matrix+organizational+It+facilitates+the+use+of+highly+specialized+staff+and+equipment&hl=en&gl=pk&pid=bl&srcid=ADGEESh9_IL0CrOe6ZNHKvc1BSagyOm_UMDvru_FcCwroVVXDbxBuBR6N2S6iXWbGH_maCEuxHNpaclwKAQYBy8ZFnwbi-Y9uQ0W0u4vRqKNPHmJyFWjQDhnTeadgS9BGnUN9cTI37Ot&sig=AHIEtbTselJRbaE2pHf1dNqxCAURI6NjRg)

**It is the disadvantage of matrix structure:**

It can raise dual reporting and communication problems

**240. Zairian Corporation has streamlined its operations by cutting costs, such as decrease in payroll or reduction in its size through the sale of assets. In which of the following activity Zaria Corporation is involved?**

E-Engineering

Re-engineering

**Restructuring**

Benchmarking

**A company restructures** its operations or structure **by cutting costs, such as payroll, or reducing its size through the sale of assets**

<http://www.answers.com/topic/restructuring>

**241. Production processes typically constitute of what percentage of firm's total assets?**

**More than 70 %**

More than 65 %

More than 60 %

More than 55 %

Production processes typically constitute more than 70 percent of a firm's total assets

**242. Which one of the following is TRUE about two different market segments?**

They can be served with the same marketing strategy

They usually require different marketing strategies

They are always in different geographic locations

**There is heterogeneity within the segment in its needs**

A true market segment meets all of the following criteria:

1. It is distinct from other segments. Different segments have different needs.

2. It is homogeneous within the segment. People belonging to a market segment exhibit common needs.
3. It responds similarly to a market stimulus.
4. It can be reached by a market intervention.

**243. XYZ Company has segmented its market by keeping in view occupation and education level of customers. Which of the following bases of segmentation the company has used?**

**Demographic**

Psychographic

Behavioural

Geographic

Some Demographic segmentation variables include:

- Age
- Gender
- Family size
- Family lifecycle
- Generation: baby-boomers, Generation X, etc.
- Income
- Occupation
- Education
- Ethnicity
- Nationality
- Religion
- Social class

**244. Which of the following statement is TRUE about 'firm infrastructure' as a support activity of Michael Porter's value chain model?**

It includes procurement of raw materials, servicing, spare parts, buildings, machines

It Includes technology development to support the value chain activities like Process automation

It includes the activities associated with recruiting and development of employees and managers

**It includes general management, planning management, legal, finance, accounting, public affairs**

**Firm Infrastructure** Includes general management, planning management, legal, finance, accounting, public affairs, quality management, etc.

**245. Which of the following statement is correct about human resource management?**

It includes procurement of raw materials, servicing, spare parts, buildings, machines

It Includes technology development to support the value chain activities like Process automation

**It includes the activities associated with recruiting and development of employees and managers**

It includes general management, planning management, legal, finance, accounting, public affairs

**Human Resource Management** The activities associated with recruiting, development (education), retention and compensation of employees and managers

**246. All of the following are the cost drivers of Porter's supply chain activities EXCEPT:**

Capacity utilization

Timing of market entry

Economies of scale

**Firm's infrastructure**

**Porter identified 10 cost drivers related to value chain activities:**

1. Economies of scale.

2. Learning.

3. Capacity utilization.

4. Linkages among activities.

5. Interrelationships among business units.

6. Degree of vertical integration.

7. Timing of market entry.

8. Firm's policy of cost or differentiation.

9. Geographic location.

10. Institutional factors (regulation, union activity, taxes, etc.).

248. The people who perform audit can be categorized as all of the following EXCEPT:

Independent auditors

**Financial auditor**

Government auditors

Internal auditors

People who perform audits can be divided into three groups:

1. [Independent auditors](#)
2. [Government auditors](#)
3. [Internal auditors](#)

### **FINAL TERM EXAMINATION**

Fall 2008 MGT603- Strategic Management (Session - 2) (paper 7)

249. R&D expertise should be obtained through acquisition of a well-established firm in the industry in which of the following situation?

**► If both technical progress and market growth are fast**

- If technology is changing slowly but the market is growing fast
- If the technical progress is slow, market growth the rate is moderate
- If technology is changing rapidly and the market is growing slowly

**250. The purpose of a mission statement is to declare all of the following EXCEPT:**

- ▶ A reason of being
- ▶ A statement of purpose
- ▶ **An annual financial plan**
- ▶ A statement of beliefs

**251. Ethnic balance changes due to the migration of the people from different areas to different areas. This affects the ethical behavior very much", this is the effect of which of the following forces?**

- ▶ Economic forces
- ▶ **Social, cultural, and demographic forces**
- ▶ Technological forces
- ▶ Competitive forces

**Pg 31**

**252. Which one of the statements is a good example of the competitive power of substitute products?**

- ▶ **The competition between contact lens and eyeglasses**
- ▶ The competition between Amazon.com and traditional off-line bookstores
- ▶ The competition between cellular phones and computers
- ▶ The competition between Aspirin and joshanda

**253. Assigning 1 rating to a key external factor indicates that:**

- ▶ Response is average
- ▶ **Response is poor**
- ▶ Response is superior
- ▶ Response is above average

**Pg 44**

**254. What is the difference between CPM and EFE?**

- ▶ **CPM includes both internal and external issues**
- ▶ The weight and total weighted score mean opposite
- ▶ CPM ratings range from 1 to 10
- ▶ CPM is performed only for the large businesses

**255. Which of the following can be the strength of an organization?**

- ▶ A developing market
- ▶ A new international market
- ▶ Loosening of regulation
- ▶ **Strong management team**



**256. Abdullah Group of Industries is involved in the sale most likely to say that Abdullah Group is implement strategy**

▶ **Join venture**

- ▶ Acquisition
- ▶ Liquidation
- ▶ Retrenchment

**257. Which strategy should be implemented when a division organization's overall poor performance?**

▶ **Divestiture**

- ▶ Forward integration
- ▶ Cost leadership
- ▶ Related diversification

**Pg 94**

**258. Matching stage of strategy formulation framework comprises of formulation of which of the following set of matrices?**

▶ BCG, SPACE, QSPM matri

▶ **BCG, SPACE, TWOS Matrix**

- ▶ SPACE, TWOS and IFE matrix
- ▶ BCG, SPACE, EFE Matrix

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259. "Other than ranking strategies to achieve the prioritized list, only one analytical technique in strategy formulation which is designed to determine the relative attractiveness of feasible alternative actions" is known as:

► SPACE

► **QSPM**

► IFE

► CPM

[http://docs.google.com/viewer?a=v&q=cache:b2HGAJh-54sJ:www.stephenibaraki.com/cips/sp/CIPS%2520Strategy%2520Analysis.doc+Other+than+ranking+strategies+to+achieve+the+prioritized+list,+only+one+analytical+technique+in+strategy+formulation+which+is+designed+to+determine+the+relative+attractiveness+of+feasible+alternative+actions&hl=en&gl=pk&pid=bl&srcid=ADGEESiQAXPNWuK\\_M-eYJVtBA35H3dvWA2eU9xHsKm7KEzAeTCdNa2zH5Wx2ZPXQzaI5g\\_xs3UQV\\_ShA6PFOGwnx9nh8tZL7MmMMobJBOPF8bRTFZPSKAHigOJ4Ry-jfiruCJlniAJJ&sig=AHIEtbQy2NZXHeVmq2Vt0hzXbKrLIofUOg](http://docs.google.com/viewer?a=v&q=cache:b2HGAJh-54sJ:www.stephenibaraki.com/cips/sp/CIPS%2520Strategy%2520Analysis.doc+Other+than+ranking+strategies+to+achieve+the+prioritized+list,+only+one+analytical+technique+in+strategy+formulation+which+is+designed+to+determine+the+relative+attractiveness+of+feasible+alternative+actions&hl=en&gl=pk&pid=bl&srcid=ADGEESiQAXPNWuK_M-eYJVtBA35H3dvWA2eU9xHsKm7KEzAeTCdNa2zH5Wx2ZPXQzaI5g_xs3UQV_ShA6PFOGwnx9nh8tZL7MmMMobJBOPF8bRTFZPSKAHigOJ4Ry-jfiruCJlniAJJ&sig=AHIEtbQy2NZXHeVmq2Vt0hzXbKrLIofUOg)

260. A position vector with (-6, +6) coordinates describes which one of the following statement regarding SPACE analysis matrix

► A financially weak and highly competitively firm

► A financially strong and highly competitively firm

► **A financially strong firm but competitively weak**

► A financially as well as competitively weak firm

261. On the x-axis of IE Matrix, an IFE total weighted score of 3.75 depicts what?

- ▶ A weak internal position
- ▶ An average internal position
- ▶ **A strong internal position**
- ▶ A low internal position

On the x-axis of the IE Matrix, an

IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.

262. Which of the following is NOT a part of resource allocation plan?

- ▶ Basic allocation decision
- ▶ Contingency mechanisms
- ▶ **Primary allocation mechanism**
- ▶ None of the given options

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263. Which one of the following is not an approach to resolve conflicts?

- ▶ Avoidance
- ▶ diffusion
- ▶ Confrontation
- ▶ **Ignorance**

Strategies for resolving or preventing the development of conflict can be classified as avoidance, diffusion, or confrontation.

**264. Which approach for managing and resolving conflict involves playing down differences between conflicting parties while stressing on similarities and common interests?**

- ▶ Avoidance
- ▶ Compliance
- ▶ **Diffusion**
- ▶ Confrontation

A diffusion strategy can include playing down differences between conflicting parties while accenting similarities and common interests, compromising so that there is neither a clear winner nor loser, resorting to majority rule, appealing to a higher authority, or redesigning present positions.

<http://pechdawin.blogspot.com/2010/10/glossary-fo-strategic-management.html>

**265. All of the following would be considered as true statements regarding the matrix organizational structure EXCEPT which one?**

- ▶ **It reduces managerial positions**
- ▶ It shares authority and responsibility among managers
- ▶ It distributes stress among the team members
- ▶ It maintains better balance between time and performance

The basis for the matrix organization is an endeavor to create synergism through shared responsibility between project and functional management. Other

advantages of a pure matrix organizational form, to project management, include:

- Because key people can be shared, the project cost is minimized
- Conflicts are minimal, and those requiring hierarchical referrals are more easily resolved
- There is a better balance between time, cost and performance
- Authority and responsibility are shared
- Stress is distributed among the team

266. The inventory is viewed as which of the following in Just in Time Inventory system

► **Incurring costs**

- Adding value
- Disburse expense
- None of the given options

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267. What is NOT a major benefit of having a diverse workforce?

► Improvement of the bottom line

► **An increase in training costs**

- An increase in productivity
- A decrease in complaints

268. Market segmentation is especially used in implementing strategies by which of the following firms?

► **Small firms**

- Large firms
- Medium-size firms
- All of the given options

Market segmentation is widely used in implementing strategies, especially for small and specialized firms.

**269. All of the following are the requirements for successful segmentation EXCEPT:**

- Segment is large enough to be profitable

► **Homogeneity between the segments**

- Segments are accessible and actionable
- Heterogeneity between segments

**The requirements for successful segmentation are:**

- Homogeneity within the segment
- Heterogeneity between segments
- Segments are measurable and identifiable
- Segments are accessible and actionable
- Segment is large enough to be profitable.....

**270."The process of dividing markets into groups of consumers who are similar to each other". Which of the following terms describes the statement?**

- Positioning

## ► Segmentation

► Marketing

► Targeting

### Segmentation

The process of dividing markets into groups of consumers who are similar to each other, but different to the consumers in other groups.

<http://www.esomar.org/index.php/glossary-s.html>

**271. Which of the following statements is FALSE about mass marketing?**

► Mass marketing reduces costs through economies of scale by the increased volume

► **Mass marketing does not try to please all customers with same offering**

► Mass marketing allows economies of scale to be realized through mass production

► Mass Marketing means attempting to sell the same product to a wider audience

It is definition of Target Marketing:

Target marketing on the other hand recognizes the diversity of customers and does not try to please all of them with the same offering

**272. What is the purpose of strategy evaluation?**

► Increase the budget annually

► **Alert management of problems**

► Make budget changes

- ▶ Evaluate employees' performance

#### Purpose of strategy evaluation

- Strategy evaluation is vital to the organization's well-being
- Alert management to potential or actual problems in a timely fashion
- Erroneous strategic decisions can have severe negative impact on organizations

**273. All of the following are the examples of technology development EXCEPT:**

- ▶ Research and Development
- ▶ **Quality management**
- ▶ Process automation
- ▶ Design and redesign

**Technology Development** Includes technology development to support the value chain activities.

Such as: **Research and Development, Process automation, design, redesign**

**274. What is the basis for quantitative financial evaluation?**

- ▶ The EPS/EBIT Analysis
- ▶ Capital Asset Pricing Model
- ▶ **Financial ratios**
- ▶ Present value analysis

<http://webcache.googleusercontent.com/search?q=cache:cDPuGh0qSQ0J:shc-staffweb.hct.ac.ae/skhartabil/Skhartabil/TEACHING%2520RESOURCES/STRA>



[TEGIC%2520MANAGEMENT/Exams/chapter09.doc+What+is+the+basis+for+quantitative+financial+evaluation%3F&cd=1&hl=en&ct=clnk&gl=pk&source=www.google.com.pk](http://TEGIC%2520MANAGEMENT/Exams/chapter09.doc+What+is+the+basis+for+quantitative+financial+evaluation%3F&cd=1&hl=en&ct=clnk&gl=pk&source=www.google.com.pk)

What is the **basis** for **quantitative financial evaluation**?

- a. Reduction in costs
- b. The EPS/EBIT Analysis
- c. Capital Asset Pricing Model
- d. Financial ratios**
- e. Present value analysis

## **Strategic management\_MGT603**

### Quizzes For Final term

#### Lecture 1 to 45

Question No: 1 ( Marks: 1 ) - Please choose one

Strategic management integrates all of the following areas EXCEPT:

- Management
- Marketing
- Research and development
- Human resource management**

Question No: 2 ( Marks: 1 ) - Please choose one

Strategist is an individual who is involved in the strategic management process, thus may be known as:

- Member board of director
- President**
- Division manager
- All of the given options

Question No: 3 ( Marks: 1 ) - Please choose one

**A desired future state that the organization attempts to realize . Identify the term relevant to the given statement.**

**Policy**  
**Procedure**  
**Goal**

**Strategy**

**Question No: 4 ( Marks: 1 ) - Please choose one**

**Which of the following business actions is NOT considered to be unethical?**

**Poor product or service safety**  
**Using non-union labor in a union shop**  
**Misleading advertising**  
**Too expensive products**

**Question No: 5 ( Marks: 1 ) - Please choose one**

**Which type of trend can be exemplified by the increase in average level of education in a society?**

**Cultural**  
**Technological**  
**Economic**  
**Social**

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization is known as:**

**Investment decisions**  
**Financing decisions**  
**Restructuring decisions**  
**Strategic decision**

**Question No: 7 ( Marks: 1 ) - Please choose one**

**All of the following fall under the category of Process function of production management EXCEPT:**

**Choice of technology**  
**Quality assurance**  
**Process flow analysis**  
**Transportation analysis**

**Question No: 8 ( Marks: 1 ) - Please choose one**

A planned activity aimed at discovery of new knowledge with the hope of developing new or improved products and services and translation of its findings into a plan or design of new or improved products and services is known as:

Marketing  
Research and development

**Production**

Management information system

Question No: 9 ( Marks: 1 ) - Please choose one

\_\_\_\_\_ become/s information only when it/they is/are evaluated, filtered, condensed, analyzed and organized for a specific purpose, problem, individual, or time.

Material

**Data**

Competitive advantages

Competitor analysis

Question No: 10 ( Marks: 1 ) - Please choose one

The Web sites that sell products directly to the consumers are the examples of which type of strategy?

Backward integration

**Product development**

Forward integration

Horizontal integration

Question No: 12 ( Marks: 1 ) - Please choose one

Under which of the following conditions, Concentric Diversification would be particularly an effective strategy to pursue?

When an organization has grown so large so quickly that major internal reorganization is needed

**When sales of current products would increase intensively by adding the new related products**

When revenues from current products/services would increase significantly by adding the new unrelated products

When current products are in maturity stage of the product life cycle

Question No: 13 ( Marks: 1 ) - Please choose one

Which of the following stages in the strategy-formulation framework focuses on summarizing the basic information needed to formulate strategies?

Output

**Input**

Decision

Matching

Question No: 14 ( Marks: 1 ) - Please choose one

Which of the following stages of Strategy Formulation Framework involves development of Internal-Factor Evaluation Matrix?

- Input stage
- Output stage
- Matching stage
- Decision stage

,

Question No: 15 ( Marks: 1 ) - Please choose one

Which of the following stages of strategy formulation framework involves development of Internal External Matrix?

- Input stage
- Output stage
- Matching stage
- Decision stage

Question No: 16 ( Marks: 1 ) - Please choose one

In order to avoid the emergence of substitute products, AF & Z Corporation has an access and control over the scarce natural resources necessary for the production of their products, Which of the following strategies AF & Z is using?

- SO
- WO
- SW
- ST

Question No: 17 ( Marks: 1 ) - Please choose one

What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-2, +3)?

- Aggressive
- Conservative
- Competitive
- Defensive

Question No: 18 ( Marks: 1 ) - Please choose one

Which of the following is NOT a step for the preparation of a SPACE matrix?  
Select a set of variables relating to financial strength, competitive advantage, environmental stability, and industry strength

- Assign a numerical value ranging from +1 (worst) to +6 (best) to each of the variables that make up the financial strength and industry strength dimensions
- Assign weights to the variables according to their relative importance for the firm
- Compute an average score and dividing by the number of variables

Question No: 19 ( Marks: 1 ) - Please choose one

The business has a strong competitive position but is in a slow-growth industry. Further, the business typically has high cash flow levels and limited internal growth needs. The statement refers which of the following?

The firm falling in Quadrant I of Grand Strategy Matrix

The firm falling in Quadrant II of Grand Strategy Matrix

The firm falling in Quadrant III of Grand Strategy Matrix

**The firm falling in Quadrant IV of Grand Strategy Matrix**

Question No: 21 ( Marks: 1 ) - Please choose one

Which of the following is a Functional level objective?

Achieving return on investment of at least 15%

**Aiming to achieve a market share of 10%**

Attaining operating profit of over Rs.10 million

Increase earnings per share by at least 10% every

Question No: 22 ( Marks: 1 ) - Please choose one

Which of the following is a Corporate level objective?

Getting 75% customer awareness of company s brand in target markets

**Increasing earnings per share by at least 10%**

Building customer database of at least 250,000 companies

Achieving a 10% share of International market

Question No: 23 ( Marks: 1 ) - Please choose one

The manager of MZ firm has defined the goal that the firm wants to increase its production by at least 200 units in size. Thus, which part of the SMART criteria has been focused by the firm through this goal statement?

**Specific**

Measurable

Achievable

Relevant

Question No: 27 ( Marks: 1 ) - Please choose one

Which one of the following is the organizational structure that most of the medium-size organizations follow?

**Divisional structure**

Strategic business unit

Functional structure

Matrix structure

Question No: 28 ( Marks: 1 ) - Please choose one

Of the following, which one is least likely to be considered an advantage presented by a

matrix organizational structure?  
It facilitates the use of highly specialized staff and equipment  
It minimizes the project cost because the key people can be shared  
**It can raise dual reporting and communication problems**  
It provides excellent training ground for strategic managers

Question No: 29 ( Marks: 1 ) - Please choose one

Zairian Corporation has streamlined its operations by cutting costs, such as decrease in payroll or reduction in its size through the sale of assets. In which of the following activity Zaria Corporation is involved?  
E-Engineering  
Re-engineering  
Restructuring  
**Benchmarking**

Question No: 31 ( Marks: 1 ) - Please choose one

All of the following are the managerial issues for managing natural environment EXCEPT:  
Global warming- depletion of rain forests  
**Employee understanding about environment**  
Developing biodegradable products and packages  
Waste management to clean air and water  
Question No: 32 ( Marks: 1 ) - Please choose one

Production processes typically constitute of what percentage of firm s total assets?  
**More than 70 %**  
More than 65 %  
More than 60 %  
More than 55 %

Question No: 34 ( Marks: 1 ) - Please choose one

XYZ Company has segmented its market by keeping in view occupation and education level of customers. Which of the following bases of segmentation the company has used?  
**Demographic**  
Psychographic  
Behavioral  
Geographic

Question No: 35 ( Marks: 1 ) - Please choose one

Which variable would be considered as a part of pricing decisions?

- Warranty
- Bundling**
- Safety
- Functionality

Question No: 36 ( Marks: 1 ) - Please choose one

Which of the following statement is TRUE about 'firm infrastructure' as a support activity of Michael Porter's value chain model?

- It includes procurement of raw materials, servicing, spare parts, buildings, machines
- It Includes technology development to support the value chain activities like Process automation
- It includes the activities associated with recruiting and development of employees and managers
- It includes general management, planning management, legal, finance, accounting, public affairs**

Question No: 37 ( Marks: 1 ) - Please choose one

Which of the following statement is correct about human resource management?

- It includes procurement of raw materials, servicing, spare parts, buildings, machines
- It Includes technology development to support the value chain activities like Process automation
- It includes the activities associated with recruiting and development of employees and managers**
- It includes general management, planning management, legal, finance, accounting, public affairs

:

Question No: 38 ( Marks: 1 ) - Please choose one

All of the following are the cost drivers of Porter s supply chain activities EXCEPT:

- Capacity utilization
- Timing of market entry
- Economies of scale
- Firm's infrastructure**

Question No: 40 ( Marks: 1 ) - Please choose one

Which of the following statement is TRUE about Controls which are used in strategy evaluation stage?

- They are strategy-oriented

**They are action-oriented**  
**They are control-oriented**  
**They are information-oriented**

**Question No: 41 ( Marks: 1 ) - Please choose one**

**A good evaluation system must possess various qualities. Which of the following is not a characteristic of a good strategy evaluation system?**

**Strategy-evaluation activities must be economical**  
**Strategy-evaluation activities should be meaningful**  
**Strategy-evaluation activities should dominate the decisions**  
**Strategy-evaluation activities should provide timely information**

**Question No: 42 ( Marks: 1 ) - Please choose one**

**The people who perform audit can be categorized as all of the following EXCEPT:**

**Independent auditors**  
**Financial auditors**  
**Government auditors**  
**Internal auditors**

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Question # 1 of 15 (Start time: 08:34:41 PM) Total Marks: 1

Firms in quadrant-IV of grand strategy matrix have which of the following characteristics?

Select correct option:

Rapid market growth and strong competitive position  
Rapid market growth and weak competitive position  
**Slow market growth and strong competitive position**  
Slow market growth and weak competitive position

Question # 2 of 15 ( Start time: 08:35:29 PM ) Total Marks: 1

Assigning rating 3 to an internal factor in IFE matrix indicates what?

Select correct option:

Major weakness  
Minor weakness  
**Minor strength**  
Major strength

Question # 3 of 15 ( Start time: 08:36:28 PM ) Total Marks: 1

Which one of the following dimensions is NOT a recommended component of a mission statement?

Select correct option:

Self-concept



Markets  
**Strategies**  
Customers

Question # 4 of 15 ( Start time: 08:37:04 PM ) Total Marks: 1  
All of the following are used as a base for market segmentation EXCEPT:  
Select correct option:

**Socioeconomic**  
Geographic  
Demographic  
Psychographic

Question # 5 of 15 ( Start time: 08:37:43 PM ) Total Marks: 1  
Majority of the businesses follow which of the following organizational structure?  
Select correct option:

Strategic business unit  
**Functional structure**  
Divisional structure  
Matrix structure

Question # 6 of 15 ( Start time: 08:38:28 PM ) Total Marks: 1  
In the SPACE analysis, what does (+6, +3) strategy profile portray?  
Select correct option:

**A strong industry with strong financial strength**  
A stable environment with strong financial strength  
A stable environment for highly competitive firm  
A strong industry operating in stable environment

Question # 7 of 15 ( Start time: 08:39:59 PM ) Total Marks: 1  
Which of the following statement is referred to 'Price fluctuation'?  
Select correct option:

Decrease in prices  
Increase in prices  
Fluctuation in the prices of a particular commodity  
**Fluctuation in general price level**

Question # 8 of 15 ( Start time: 08:40:23 PM ) Total Marks: 1  
Long-term objectives are needed at which level(s) of the organization?  
Select correct option:

Corporate level  
Divisional level  
Functional level  
**All of the given options**

Question # 9 of 15 ( Start time: 08:40:59 PM ) Total Marks: 1

For the past four years the ABC Corporation has been planning to expand its operations in order to reach out to the world market. Essentially, the ABC Corporation desires to do what?

Select correct option:

Become an online business

Become a brick-n-mortar business

**Embrace globalization**

Become a click-n-mortar business

Question # 10 of 15 ( Start time: 08:41:43 PM ) Total Marks: 1

Establishing and implementing ways of making things work is known as:

Select correct option:

**Planning**

Organizing

Leading

Controlling

Question # 11 of 15 ( Start time: 08:42:35 PM ) Total Marks: 1

All of the following are functional support roles of Management Information System EXCEPT:

Select correct option:

Recording and storing accounting records

Recording and storing inventory data

Recording and storing business intelligence data

**The enhanced ability to explore "what if"**

Question # 12 of 15 ( Start time: 08:43:05 PM ) Total Marks: 1

Strategy formulation stage includes all of the following EXCEPT:

Select correct option:

Vision and mission

Strength and weakness

Opportunities and threats

**Annual objectives**

Question # 13 of 15 ( Start time: 08:43:52 PM ) Total Marks: 1

During which stage of strategic management, firm's specific internal strengths and weaknesses are determined?

Select correct option:

**Formulation**

Implementation

Evaluation  
Feedback

Question # 14 of 15 ( Start time: 08:44:21 PM ) Total Marks: 1  
The SPACE matrix of XYZ company shows that the coordinates of its directional vector are (-5, -5). What strategy would you recommend for the ABC Company?  
Select correct option:

**Concentric diversification**

Market development  
Backward integration  
Joint venture

Question # 15 of 15 ( Start time: 08:45:14 PM ) Total Marks: 1  
Which one of the following is NOT a basic mission of a competitive intelligence program?  
Select correct option:

To provide a general understanding of an industry  
To provide a general understanding of a company's competitors  
**To identify industry executives who could be hired by the firm**  
To identify potential moves a competitor might make that would endanger a firm

Question # 1 of 15 ( Start time: 08:49:07 PM ) Total Marks: 1  
According to Porter, which strategy offers products or services to a small range of customers at the lowest price available on the market?  
Select correct option:

**Low cost**  
Best value  
Cost focus  
Differentiation

Question # 2 of 15 ( Start time: 08:49:48 PM ) Total Marks: 1  
All of the following are the indicators of industry strength for an organization EXCEPT:

Select correct option:  
Financial stability  
Ease of entry into the market  
Geographic and product freedom  
**Control over suppliers**

Question # 3 of 15 ( Start time: 08:50:40 PM ) Total Marks: 1  
The strategy embraced by Ahmad Bros. is to address the needs of a very selected and specialized market segment. That is most likely to engage in which one of the following types of strategy?  
Select correct option:  
Differentiation strategy  
Generic strategy

**Focus strategy**

Low cost strategy

Question # 4 of 15 ( Start time: 08:51:22 PM ) Total Marks: 1

Ethnic balance is affected due to which of the following?

Select correct option:

Change in ethnic values

Awareness of ethnic norms

**Migration of the people towards different areas**

Introduction of new laws relating to ethnicity

Question # 5 of 15 ( Start time: 08:51:56 PM ) Total Marks: 1

All of the following are examples of marketing decisions that require policies

EXCEPT:

Select correct option:

To be a market leader or follower

Whether to advertise online or not

**Either to offer a complete or limited warranty**

To use billboards for outdoor advertising

Question # 6 of 15 ( Start time: 08:52:35 PM ) Total Marks: 1

A system of several rites connected with a single occasion or event is known as:

Select correct option:

Myth

**Ceremonial**

Saga

Legend

Question # 7 of 15 ( Start time: 08:53:04 PM ) Total Marks: 1

Test marketing is commonly applied by which of the following companies?

Select correct option:

Industrial goods companies

**Consumer goods companies**

Public sector companies

Private sector companies

Question # 8 of 15 ( Start time: 08:53:44 PM ) Total Marks: 1

Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:

Select correct option:

Distribution efficiency

Production efficiency

**New investments**

Product innovation

Question # 9 of 15 ( Start time: 08:54:12 PM ) Total Marks: 1

The purpose of an external audit is to prepare a list of which of the following?

Select correct option:

Opportunities and weaknesses

Threats and strengths

**Opportunities and threats**

Strengths and weaknesses

Question # 10 of 15 ( Start time: 08:54:50 PM ) Total Marks: 1

What strategies are appropriate for the divisions that fall in grow and build region of IE matrix?

Select correct option:

Defensive and integrative strategies

**Intensive and integrative strategies**

Diversification and intensive strategies

Defensive and diversification strategies

Question # 11 of 15 ( Start time: 08:55:44 PM ) Total Marks: 1

Adding new, unrelated products or services is called:

Select correct option:

Forward integration

Backward integration

**Conglomerate diversification**

Concentric diversification

Question # 12 of 15 ( Start time: 08:56:24 PM ) Total Marks: 1

Which one of the following is the organizational structure that most of the medium-size organizations follow?

Select correct option:

**Divisional structure**

Strategic business unit

Functional structure

Matrix structure

Question # 13 of 15 ( Start time: 08:57:07 PM ) Total Marks: 1

Which of the following is the first step in the controlling function of management?

Select correct option:

Take corrective actions

Restrict breaks employees take

Evaluate expense reports

**Establish performance standards**

Question # 14 of 15 ( Start time: 08:57:55 PM ) Total Marks: 1

Which of the following factors can predict the stability or non-stability of the environment, the firm is operating in?

Select correct option:

**Rate of inflation**

Ease of exit from market

Customer loyalty

Financial stability

Question # 15 of 15 ( Start time: 08:58:33 PM ) Total Marks: 1

Which of the followings best describes the Horizontal integration?

Select correct option:

A firm takes over a supplier

A firm takes over a distributor

**A firm takes over a competitor**

A firm takes over a manufacturer

Question # 1 of 15 ( Start time: 09:02:21 PM ) Total Marks: 1

Which of these is an attractive strategy for a cash cow division?

Select correct option:

**Concentric diversification**

Horizontal integration

Conglomerate diversification

Backward integration

Question # 2 of 15 ( Start time: 09:03:20 PM ) Total Marks: 1

All of the following are the types of cooperative arrangements EXCEPT:

Select correct option:

R&D partnerships

Joint-bidding consortia

Cross-licensing agreements

**Diversification**

Question # 3 of 15 ( Start time: 09:04:34 PM ) Total Marks: 1

Which of the following is the first step in developing QSPM?

Select correct option:

**Developing a list of the firm's key external and internal factors.**

Determining the Attractiveness Scores for each strategy.

Examine the Stage 2 matrices and identify alternative strategies.

Assigning weights to each key external and internal factor.

Question # 4 of 15 ( Start time: 09:05:15 PM ) Total Marks: 1

The reason to develop QSPM is to evaluate the alternative strategies derived from all of these EXCEPT:

Select correct option:

Grand Strategy Matrix

BCG Matrix

Space Matrix

**CPM Matrix**

Question # 5 of 15 ( Start time: 09:06:14 PM ) Total Marks: 1

All of the following situations are conducive to market development EXCEPT:

Select correct option:

When new untapped or unsaturated markets exist

**When new channels of distribution are expensive**

When an organization has excess production capacity

When an organization's basic industry is becoming rapidly global

Question # 6 of 15 ( Start time: 09:06:58 PM ) Total Marks: 1

All of the following are the examples of promotion decision EXCEPT:

Select correct option:

Personal selling

**Volume discounts**

Public relations

Advertising

Question # 7 of 15 ( Start time: 09:08:03 PM ) Total Marks: 1

Which strategy seeks to increase market share of present products or services in present markets through greater marketing efforts?

Select correct option:

**Market penetration**

Market development

Backward integration

Product development

Question # 8 of 15 ( Start time: 09:08:33 PM ) Total Marks: 1

All of the following would be considered as weaknesses to a business EXCEPT:

Select correct option:

Maturing markets

Limited industry expertise

**Brand name**

Limited financial resources

Question # 9 of 15 ( Start time: 09:09:28 PM ) Total Marks: 1

According to Porter, which strategy offers products or services to a small range of customers at the lowest price available on the market?

Select correct option:

**Low cost**

Best value

Cost focus

Differentiation

Question # 10 of 15 ( Start time: 09:10:39 PM ) Total Marks: 1

When a merger or acquisition is not desired by both the parties of merger, then it is known as:

Select correct option:

Divestiture

**Takeover**

Outsourcing

Integration

Question # 11 of 15 ( Start time: 09:11:23 PM ) Total Marks: 1

What are the four dimensions of a SPACE matrix?

Select correct option:

Environmental stability; Industrial strength; Competitive advantage; Market growth rate

**Environmental stability; Industrial strength; Competitive advantage; Financial strength**

Industrial strength; Competitive advantage; financial strength; Market share  
Environmental stability; Industrial strength; Market growth rate; Market share

Question # 12 of 15 ( Start time: 09:11:56 PM ) Total Marks: 1

Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture

Divestiture

**Liquidation**

Integration

Question # 13 of 15 ( Start time: 09:12:35 PM ) Total Marks: 1

Market segmentation is especially used in implementing strategies by which of the following firms?

Select correct option:

**Small firms**

Medium-size firms

Large firms

All of these firms

Question # 14 of 15 ( Start time: 09:13:04 PM ) Total Marks: 1

When two organizations of about equal size unite to form one enterprise, which of the following takes place?

Select correct option:

Hostile takeover

**Merger**

Liquidation

Divestiture

Question # 15 of 15 ( Start time: 09:13:50 PM ) Total Marks: 1

Which of the following strategy generally entails large research and development expenditures?

Select correct option:

Market penetration

Retrenchment

Forward integration

**Product development**

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Question # 1 of 15 ( Start time: 09:23:55 PM ) Total Marks: 1

Which one of the following is NOT a SMART criterion?

Select correct option:



Measurable  
**Strategy**  
Achievable  
Relevant

Question # 2 of 15 ( Start time: 09:25:01 PM ) Total Marks: 1  
External forces directly affects all of the following EXCEPT:  
Select correct option:

Market segmentation strategies  
Types of products/services offered  
**Management structure of organization**  
Choice of businesses to acquire or sell

Question # 3 of 15 ( Start time: 09:26:06 PM ) Total Marks: 1  
Identify the stages of strategic management process in a precise sequence.  
Select correct option:

Strategy evaluation, strategy formulation & strategy implementation  
Strategy evaluation, strategy implementation & strategy formulation  
**Strategy formulation, strategy implementation & strategy evaluation**  
Strategy implementation, strategy evaluation & strategy formulation

Question # 5 of 15 ( Start time: 09:27:47 PM ) Total Marks: 1  
All of the following are the key opportunities or threats in external environment because of Political, Govt. & ILegal force EXCEPT:  
Select correct option:

Tax rates  
**Trust in government**  
Pak-India relationships  
Patent laws

Question # 6 of 15 ( Start time: 09:28:47 PM ) Total Marks: 1  
Which of the following is NOT a SPACE Matrix quadrant?  
Select correct option:

Aggressive  
Defensive  
Competitive  
**Offensive**

Question # 7 of 15 ( Start time: 09:29:19 PM ) Total Marks: 1  
The IE Matrix consists of how many cells?  
Select correct option:

Seven  
Eight

**Nine**

Ten

Question # 8 of 15 ( Start time: 09:29:53 PM ) Total Marks: 1

Majority of the businesses follow which of the following organizational structure?

Select correct option:

Strategic business unit

**Functional structure**

Divisional structure

Matrix structure

Question # 9 of 15 ( Start time: 09:30:57 PM ) Total Marks: 1

The process of monitoring performance, comparing it with goals, and correcting any significant deviations is known as:

Select correct option:

Planning

Organizing

Leading

**Controlling**

Question # 10 of 15 ( Start time: 09:31:46 PM ) Total Marks: 1

Marketing decisions generally fall into four controllable categories. Which one of the following is NOT one of marketing decisions category?

Select correct option:

Product

**Process**

Distribution

Promotion

Question # 11 of 15 ( Start time: 09:32:22 PM ) Total Marks: 1

Input stage of strategy formulation framework includes developing which of the following set of strategies?

Select correct option:

IFE, EFE and QSPM Matrix

IFE, IE and BCG Matrix

**IFE, CPM and EFE Matrix**

EFE, IE and CPM Matrix

Question # 12 of 15 ( Start time: 09:33:22 PM ) Total Marks: 1

Which of the following is best identified as a statement that presents “a firm's big picture statement, describing a desired end-state, general in scope, and not restrictive”?

Select correct option:

Corporate philosophy statement  
Company creed  
**Vision statement**  
Mission statement

Question # 13 of 15 ( Start time: 09:34:02 PM ) Total Marks: 1  
All of the following fall under Pricing decisions EXCEPT:  
Select correct option:

Discounts  
Credit terms  
Markups  
**Dealer relations**

Question # 14 of 15 ( Start time: 09:34:32 PM ) Total Marks: 1  
According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?  
Select correct option:

I  
II  
III  
**IV**

Question # 15 of 15 ( Start time: 09:35:00 PM ) Total Marks: 1  
All of the following are functional support roles of Management Information System EXCEPT:  
Select correct option:

Recording and storing accounting records  
Recording and storing inventory data  
Recording and storing business intelligence data  
**The enhanced ability to explore "what if"**

Question # 1 of 15 ( Start time: 11:22:48 PM ) Total Marks: 1  
In BCG growth-share matrix, which of the following would be most likely to possess a low market share and a high growth rate?  
Select correct option:

Dog  
**Question mark**  
Cash cow  
Star

Question # 2 of 15 ( Start time: 11:23:42 PM ) Total Marks: 1  
Which one of the following strategies is referred as presenting products, often

with a little or no modification, to customers in related marketing areas?  
Select correct option:

**Market development**

Market penetration

Horizontal integration

Product development

Question # 3 of 15 ( Start time: 11:24:47 PM ) Total Marks: 1

Which of the following was NOT included in Borden's marketing mix?

Select correct option:

Product planning

Display

**Styling**

Physical handling

Question # 4 of 15 ( Start time: 11:25:58 PM ) Total Marks: 1

Product development involves going in the direction of which one of the following?

Select correct option:

Present products to present markets

Present products to new markets

**New products to present markets**

New products to new markets

Question # 5 of 15 ( Start time: 11:26:28 PM ) Total Marks: 1

Which of the following statements is NOT correct about a mission statement?

Select correct option:

It contains the definition of the company's business

**It is called the picture of a company's future.**

It is a statement containing the company's major goals

It is known as statement of the corporate philosophy

Question # 6 of 15 ( Start time: 11:27:00 PM ) Total Marks: 1

Which of the following directs at developing new products before competitors do at improving product quality or at improving manufacturing processes to reduce costs?

Select correct option:

Marketing

Opportunity analysis

**Research and development**

Management

Question # 7 of 15 ( Start time: 11:27:57 PM ) Total Marks: 1

The reason to develop QSPM is to evaluate the alternative strategies derived from all of these EXCEPT:

Select correct option:

Grand Strategy Matrix

BCG Matrix

Space Matrix

**CPM Matrix**

Question # 8 of 15 ( Start time: 11:28:11 PM ) Total Marks: 1

Which of these strategies is effective when the number of suppliers is small and the number of competitors is large?

Select correct option:

Conglomerate diversification

Forward integration

**Backward integration**

Horizontal diversification

Question # 9 of 15 ( Start time: 11:28:56 PM ) Total Marks: 1

The process of monitoring performance, comparing it with goals, and correcting any significant deviations is known as:

Select correct option:

Planning

Organizing

Leading

**Controlling**

Question # 10 of 15 ( Start time: 11:29:08 PM ) Total Marks: 1

Defensive strategies include all of the following EXCEPT:

Select correct option:

Retrenchment

**Acquisition**

Divestiture

Liquidation

Question # 11 of 15 ( Start time: 11:29:34 PM ) Total Marks: 1

In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

SO Strategy

**WO Strategy**

SW Strategy

## ST Strategy

Question # 12 of 15 ( Start time: 11:30:10 PM ) Total Marks: 1

Identify the term that is known as a “mean of providing guidance to actions and procedures, including how resources are to be allocated and how tasks assigned to the organization might be accomplished”.

Select correct option:

Aspirations

Objectives

**Policies**

Goals

Question # 13 of 15 ( Start time: 11:31:19 PM ) Total Marks: 1

Which one of the following is NOT a SMART criterion?

Select correct option:

Measurable

**Strategy**

Achievable

Relevant

Question # 14 of 15 ( Start time: 11:31:29 PM ) Total Marks: 1

Which of the following is the last step in the development of QSPM?

Select correct option:

Developing a list of the firm’s key external and internal factors

Determining the Attractiveness Scores for each strategy

**Compute the Sum Total Attractiveness Score**

Assigning weights to each key external and internal factor

Question # 15 of 15 ( Start time: 11:32:45 PM ) Total Marks: 1

Which of the following categories of ratios includes return on total assets and return on stockholders’ equity as its types?

Select correct option:

**Profitability**

Leverage

Growth

Liquidity

•

Question # 1 of 15 ( Start time: 11:46:29 PM ) Total Marks: 1

In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

- SO Strategy
- WO Strategy**
- SW Strategy
- ST Strategy

Question # 2 of 15 ( Start time: 11:46:50 PM ) Total Marks: 1

Which of the following refers to Kanban?

Select correct option:

- Manufacturing system
- Production unit
- Signals**
- Process

Question # 3 of 15 ( Start time: 11:47:40 PM ) Total Marks: 1

Buyers can exercise high bargaining power over their suppliers under which one of the following conditions?

Select correct option:

When there are many good substitutes of raw material

**There are few buyers in the market**

They have few suppliers to choose from

There is a high concentration of suppliers

Question # 4 of 15 ( Start time: 11:49:04 PM ) Total Marks: 1

Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

- Joint venture
- Divestiture
- Liquidation**
- Integration

Question # 5 of 15 ( Start time: 11:49:36 PM ) Total Marks: 1

The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

Select correct option:

- Financial budget
- Relative importance of departments
- On political or personal factors**
- Relative cost of each resources

Question # 6 of 15 ( Start time: 11:50:18 PM ) Total Marks: 1

Where an organization is considering development in an existing market with

existing products it is pursuing which of the following strategy?  
Select correct option:

- Diversification
- Market development
- Market penetration**
- Product development

Question # 7 of 15 ( Start time: 11:50:49 PM ) Total Marks: 1  
Non-financial benefits of strategic management includes all of the following EXCEPT:  
Select correct option:

- Better awareness of external threats
- Enhanced awareness of threats
- Reduced resistance to change
- Increase in sales**

Question # 8 of 15 ( Start time: 11:51:29 PM ) Total Marks: 1  
Which of the following are two positive-rated dimensions on SPACE Matrix?  
Select correct option:

- FS and CA
- CA and ES
- FS and IS**
- IS and ES

Question # 9 of 15 ( Start time: 11:52:06 PM ) Total Marks: 1  
Marketing decisions generally fall into four controllable categories. Which one of the following is NOT one of marketing decisions category?  
Select correct option:

- Product
- Process**
- Distribution
- Promotion

Question # 10 of 15 ( Start time: 11:52:22 PM ) Total Marks: 1  
A firm that is involved in two or more distinct businesses is known as:  
Select correct option:

- A diversified company**
- A ventured company
- A restructured company
- A multinational corporation

Question # 11 of 15 ( Start time: 11:53:37 PM ) Total Marks: 1  
Which one of the following is the organizational structure that most of the



medium-size organizations follow?  
Select correct option:

**Divisional structure**

Strategic business unit

Functional structure

Matrix structure

Question # 12 of 15 ( Start time: 11:53:53 PM ) Total Marks: 1

The total weighted score of IFE matrix developed for XYZ corporation is 3.5.

Which of the following statement is TRUE about XYZ Corporation in the light of IFE matrix total weighted score?

Select correct option:

Corporation has strong external position

Corporation has weak internal position

**Corporation has strong internal position**

Corporation has weak external position

Question # 13 of 15 ( Start time: 11:55:13 PM ) Total Marks: 1

Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?

Select correct option:

Economic forces

Social, cultural and, demographic forces

**Political, governmental, and legal forces**

Competitive forces

Question # 14 of 15 ( Start time: 11:55:58 PM ) Total Marks: 1

BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?

Select correct option:

Market share and industry strength

**Market share and market growth rate**

Market growth rate and competitive position

Market growth rate and environment stability

Question # 15 of 15 ( Start time: 11:57:20 PM ) Total Marks: 1

Ethnic balance is affected due to which of the following?

Select correct option:

Change in ethnic values

Awareness of ethnic norms

**Migration of the people towards different areas**

Introduction of new laws relating to ethnicity

**1. Which one of the following is NOT a basic mission of a competitive intelligence program?**

To provide a general understanding of an industry

To provide a general understanding of a company's competitors

**To identify industry executives who could be hired by the firm**

To identify potential moves a competitor might make that would endanger a firm

**2. Which one of the following dimensions is NOT a recommended component of a mission statement?**

Self-concept

Markets

**Strategies**

Customers

**3. Which strategic management analytical tool has four quadrants based on two dimensions i.e. competitive position and market growth?**

Internal-External Matrix

SPACE Matrix

**Grand Strategy Matrix** 107

QSPM

**4. In BCG matrix, the size of circle corresponding to a division represents what?**

Relative market share of that division

Financial strength of that division

**Revenue generated by that division**

Relative market share of the division

**5. Which of the following refers to the belief related to objectives setting that "there is no general plan for which way to go and what to do"?**

Managing by crisis

Managing by extrapolation

Managing by hope

**Managing by subjective** 79

**6. What is the range for a firm's total weighted score in an External Factor Evaluation Matrix?**

0 to 5

0 to 4

1 to 5

**1 to 4**

Total weighted score for the organization, Highest possible weighted score for the organization is 4.0; the lowest, 1.0. Average = 2.5

**7. Which stage of the "Strategy Formulation Framework" includes an External Factor Evaluation Matrix and a Competitive Profile Matrix?**

**Input stage**

Output stage

Matching stage

Decision stage

**8. All of the following would be considered as weaknesses to a business EXCEPT:**

Maturing markets

Limited industry expertise

**Brand name**

Limited financial resources

**9. All of the specified approaches could be used to determine R&D budget allocation EXCEPT:**

Financing as many projects as possible

Using percentage-of-sales method

**Budgeting irrelative to competitors**

Deciding how many successful new products are needed

**10. The IE Matrix consists of how many cells?**

Seven

Eight

**Nine**

Ten

**11. Which of the following term represents the enduring statement of purpose that distinguish one business from other similar firms?**

Vision

Strategy

**Mission**

Tactics

**12. All of the following are the managerial issues for managing natural environment EXCEPT:**

Global warming- depletion of rain forests

**Employee understanding about environment**

Developing biodegradable products and packages

Waste management to clean air and water

**13. What is the most complex form of organizational structure?**

Divisional

Strategic business unit

**Matrix** 120

Functional

**14. All of the following are the broad categories of External forces EXCEPT:**

Economic forces

**Socioeconomic forces**

Technological forces

Competitive forces

**15. Where an organization is considering development in an existing market with existing products it is pursuing which of the following strategy?**

Diversification

Market development

**Market penetration**

Product development

**16. Adding new but unrelated products or services for appealing present customers is known as:**

Forward integration

Backward integration

Conglomerate diversification

**Horizontal diversification** 92

**17. Which of the following are developed in strategy implementation phase of strategic management?**

Vision and mission

**Annual objectives**

Strengths and weaknesses

Opportunities and threats

**18. What are historical narratives describing the unique accomplishments of a group and its leaders, usually in heroic terms?**

Rites

**Sagas**

Stories

Myths

**19. You are asked to prepare the IE Matrix of Roxon Incorporation. Your findings reveal that its Southern division falls in IX cell of IE Matrix. How will you interpret your findings?**

**It can be managed best with Harvest or divest strategies**

It can be managed best with Grow and Build strategies

It can be managed best with Grow and Maintain strategies

It can be managed best with Hold and Maintain strategies

**20. Which of these is an attractive strategy for a cash cow division?**



### **Concentric diversification**

Horizontal integration

Conglomerate diversification

Backward integration

[http://docs.google.com/viewer?a=v&q=cache:XWCVKQDx6j8J:shc-staffweb.hct.ac.ae/skhartabil/Skhartabil/TEACHING%2520RESOURCES/STRATEGIC%2520MANAGEMENT/Exams/chapter06.doc+Concentric+diversification+is+an+attractive+strategy+for+a+cash+cow+division&hl=en&gl=pk&pid=bl&srcid=ADGEEShbqCgYlAukGQyeRsHK1oe-M7Lt5bPVFONiL97NjvGSgivkn8SAO\\_ib8br06MNM4hfcMc0gI9OUB8RLITaMAbZ9VnNuf2kUBJNfhcSm2bWOKQjo1QCC1-0DgQRONQBTULbEqHhI&sig=AHIEtbRwRT5cuBsq8vIEZYldZXfwbXnHxQ](http://docs.google.com/viewer?a=v&q=cache:XWCVKQDx6j8J:shc-staffweb.hct.ac.ae/skhartabil/Skhartabil/TEACHING%2520RESOURCES/STRATEGIC%2520MANAGEMENT/Exams/chapter06.doc+Concentric+diversification+is+an+attractive+strategy+for+a+cash+cow+division&hl=en&gl=pk&pid=bl&srcid=ADGEEShbqCgYlAukGQyeRsHK1oe-M7Lt5bPVFONiL97NjvGSgivkn8SAO_ib8br06MNM4hfcMc0gI9OUB8RLITaMAbZ9VnNuf2kUBJNfhcSm2bWOKQjo1QCC1-0DgQRONQBTULbEqHhI&sig=AHIEtbRwRT5cuBsq8vIEZYldZXfwbXnHxQ)

**21. All of the following would be considered while judging the financial strength of an organization EXCEPT:**

Increase in revenues

**Market share**

Return on Investment

Cash-flow statement

**22. In which of the following phase of strategic management, annual objectives are especially important?**

Formulation

Evaluation

**Implementation**

Management

**23. Re-engineering process innovation which involves all EXCEPT:**

Improvement in quality

**Improvement of divisions**

Improvement in service

Improvement of speed

Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality, service and speed.

**24. Which one of the following leads to only allowing the other to "win" the conflict?**

**High concern for the other party's outcomes**

High concern for one's own and other party's outcomes

High concern for one's own outcomes

No concern for either side's outcomes

**25. Which of the following is the best example for achieving long-term objectives?**

Strengths

**Strategies**

Policies

Opportunities

**26. Which organizational structure has ambiguous roles for senior executives as a major disadvantage?**

Strategic business unit

Functional structure

Divisional structure

**Matrix structure**

**27. "The company is growing but is unable to compete effectively, and needs to determine why the firm's current approach is ineffective." According to Grand strategy matrix, this statement is true for a company falling in which quadrant.**

I

**II**

III

IV

[http://docs.google.com/viewer?a=v&q=cache:XWCVKQDx6j8J:shc-staffweb.hct.ac.ae/skhartabil/Skhartabil/TEACHING%2520RESOURCES/STRATEGIC%2520MANAGEMENT/Exams/chapter06.doc+The+company+is+growing+but+is+unable+to+compete+effectively,+and+needs+to+determine+why+the+firm%E2%80%99s+current+approach+is+ineffective&hl=en&gl=pk&pid=bl&srcid=ADGEEShbqCgYlAukGQyeRsHK1oe-M7Lt5bPVFONiL97NjvGSgivkn8SAO\\_ib8br06MNM4hfcMc0gI9OUB8RLITaMABZ9VnNuf2kUBJNfhcSm2bWOKQjo1QCC1-0DgQRONQBTULbEqHhI&sig=AHIEtbTkaz\\_V0COSff68EVmb58KquvE9sA](http://docs.google.com/viewer?a=v&q=cache:XWCVKQDx6j8J:shc-staffweb.hct.ac.ae/skhartabil/Skhartabil/TEACHING%2520RESOURCES/STRATEGIC%2520MANAGEMENT/Exams/chapter06.doc+The+company+is+growing+but+is+unable+to+compete+effectively,+and+needs+to+determine+why+the+firm%E2%80%99s+current+approach+is+ineffective&hl=en&gl=pk&pid=bl&srcid=ADGEEShbqCgYlAukGQyeRsHK1oe-M7Lt5bPVFONiL97NjvGSgivkn8SAO_ib8br06MNM4hfcMc0gI9OUB8RLITaMABZ9VnNuf2kUBJNfhcSm2bWOKQjo1QCC1-0DgQRONQBTULbEqHhI&sig=AHIEtbTkaz_V0COSff68EVmb58KquvE9sA)

**28. Market segmentation is especially used in implementing strategies by which of the following firms?**

**Small firms**

Medium-size firms

Large firms

All of these firms

**29. Which of the following are two positive-rated dimensions on SPACE Matrix?**

FS and CA

CA and ES

**FS and IS**

IS and ES

**30. Which of these is not one of the tests used to determine whether a performance-pay plan will benefit an organization?**

Do employees understand the plan?

**Is the plan improving communications?**

Does the plan pay out when it should?

Does the plan reduce management layers?

**31. Marketing decisions generally fall into four controllable categories. Which one of the following is NOT one of marketing decisions category?**

Product

**Process**

Distribution

Promotion

**32. Reasons due to which some firms do “No Strategic Planning” incorporate all of the following EXCEPT:**

Wastage of time

Fire-fighting

Content with success

**Privileged reward structures**

**33. All of the following would be considered as opportunities for a business, EXCEPT:**

Removal of international trade barriers

Emergence of unfulfilled customer need

**Emergence of substitute products**

Loosening of regulations

**34. Which of the following statement applies to Vision Statement?**

**Describes the purpose of existence of an organization**

Identify the customers of the organization

The key measure or measures of the organization's success

Depict the values of an organization

**35. Ethnic balance is affected due to which of the following?**

Change in ethnic values

Awareness of ethnic norms

**Migration of the people towards different areas**

Introduction of new laws relating to ethnicity

**36. Which of the following strategy should be perused first by the Irtiza Insurance Company as it is located in Quadrant III of the Grand Strategy Matrix?**

Diversification

Liquidation

**Retrenchment**

Divestiture

**37. All of the following are functional support roles of Management Information System EXCEPT:**

Recording and storing accounting records

Recording and storing inventory data

Recording and storing business intelligence data

**The enhanced ability to explore "what if"**

**38. All of the following are the types of Profitability ratios EXCEPT:**

Net profit margin

**Inventory turnover** 65

Return on total assets

Earnings per share

**39. Which one of the following is NOT a basic mission of a competitive intelligence program?**

To provide a general understanding of an industry

To provide a general understanding of a company's competitors

**To identify industry executives who could be hired by the firm**

To identify potential moves a competitor might make that would endanger a firm

**40. The inventory is viewed as which of the following in Just In Time Inventory system:**

**Incurring costs** 127

Adding value

Disburse expense

None of the above options



**41. "Focusing all marketing decisions on a very specific group of people which a business wants to reach" is known as:**

**Target marketing**

Segmentation

Mass marketing

Positioning

**42. Opportunity analysis is one of the basic functions of which one of the following?**

Computer information systems

**Marketing**

Production/operations

Research and development

**43. Technological advancements can create which of the following advantage besides many other existing powerful advantages for the businesses?**

Economic

**Competitive**

Social

Environmental

44. The mission statement answers which of the following question?

**What is our business?**

How can we improve ourselves?

What do we want to become?

Who are our stakeholders?

45. Restructuring is also known as:

Up-sizing

**Delayering**

Diversifying

Integrating

46. Assigning a rate=2 in IFE matrix indicates what?

A major weakness

**A minor weakness**

A minor strength

A major strength

47. When both divestiture and retrenchment have been pursued unsuccessfully, which of the following strategies is effective to pursue?

Forward integration

**Liquidation**

Merger

Takeover

**48. Rehman industries is analyzing the technological forces for the firm which may provide it opportunities and threats for which of the following stage/s of strategic management process?**

Strategy formulation

Strategy implementation

Strategy evaluation

All of the given options

**49. Which of the following are Porter's generic strategies?**

Low price, differentiation, focus

**Cost leadership, differentiation, focus** 78

Price leadership, differentiation, focus

Low cost, differentiation, focus differentiation

**51. All of the following are used as a base for market segmentation EXCEPT:**

**Socioeconomic**

Geographic

Demographic

Psychographic

**52. What kind of strategy retrenchment is?**

**A reorganization strategy 93**

An expansion strategy

A diversification strategy

An integration strategy

**53. Firms located in which quadrant of the Grand Strategy Matrix are in an excellent strategic position?**

**I**

II

III

IV

**54. Which of the following environment includes all those factors which affect the organization and itself affected by the organization?**

External environment

Social environment

**Task environment**

Internal environment

**55. All of the following fall under the category of "Process" function of production management EXCEPT:**

Choice of technology

**Quality assurance**

Process flow analysis

Transportation analysis

**56. Which one of the following is NOT a key external force?**

Social responsibility

Ozone reduction

**Company management**

Energy conservation

**57. Firm with its SPACE matrix vector in conservative quadrant may peruse all of the following strategies EXCEPT:**

Market penetration  
Product development  
Market development  
Divestiture

**58. "A desired future state that the organization attempts to realize". Identify the term relevant to the given statement.**

**Goal**

Strategy  
Policy  
Procedure

**59. ABC Company is competing in an industry where the growth rate of that industry from year to year has reached or is close to zero, ABC is operating in which industry?**

Growing industry  
Emerging industry  
Mature industry

**Declining industry**

**60. The mission statement answers which of the following question?**

**What is our business?**

How can we improve ourselves?

What do we want to become?

Who are our stakeholders?

**61. Which of the following groups represents the stakeholders of a company?**

The owners of the company

The people who purchases the shares of the company

**The people who have a special stake or claim on the company**

Are the people who are in the management a company

**62. Identify the stages of strategic management process in a precise sequence.**

Strategy evaluation, strategy formulation & strategy implementation

Strategy evaluation, strategy implementation & strategy formulation

**Strategy formulation, strategy implementation & strategy evaluation**

Strategy implementation, strategy evaluation & strategy formulation

**63. Strategic management integrates all of the following areas EXCEPT:**

Management

Marketing

Research and development

**Human resource management** p;2

**64. Which of the followings deals with the management of inputs, transformations and outputs that vary across industries and markets**

Marketing

Finance

**Operations**

Distribution

**65. SPACE matrix stands for:**

**Strategic position and action evaluation matrix**

Strategic power and commerce evaluation matrix

Strategy performance and activity evaluation matrix

Strategy position and competitiveness evaluation matrix

**66. Which of the following stages of strategy formulation framework involves developing Internal-External (IE) Matrix?**

Input stage

Output stage

**Matching stage**

Decision stage



**67. The strategy embraced by Ahmad Bros. is to address the needs of a very selected and specialized market segment. That is most likely to engage in which one of the following types of strategy?**

Differentiation strategy

Generic strategy

**Focus strategy**

Low cost strategy

**68. Internal analysis involves gathering and analyzing the information about all areas of a firm EXCEPT:**

Research nad development

Management information system

Marketing

**Competitors**

**69. When an industry relies heavily on government contracts, which of the following is important for the firm to foresee as a part of its external audit?**

Economic forces

**Political forces**

Technological forces

Competitive forces

**70. Which of the following is the first step in the controlling function of management?**

Take corrective actions

Restrict breaks employees take

Evaluate expense reports

**Establish performance standards**

**71. Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?**

Does the firm have an effective sales organization?

Are markets segmented effectively?

Are the firm's products and services priced appropriately?

**Does the firm have good liquidity?**

**MC090206610 : Muhammad Asim Ayub**

**72. Assessment of competitive rivalry does NOT include an understanding of which of the following?**

Mergers and acquisition in industry

Market growth rates

Exit barriers and operational efficiency of competitor

**The management structure of an organization**

**73. All of the following would represent possible threats to the ABC Company EXCEPT which one of the following?**

Entrance of new competitors

**Improved buyer or supplier relationships**

New or revised regulations

Slow industry/market growth

**74. Which of the following is the decision support role of management information system?**

Processing marketing records into marketing plans

**Allowing users to ask "What if" questions**

Recording and storing such human resource records

Processing operations records into production schedules

**75. Which of the following is the process of influencing people to accomplish specific objectives?**

Staffing

**Motivating**

Controlling

Organizing

**76. Which of the following stages of "Strategy Formulation Framework" involves developing Internal-Factor Evaluation Matrix?**

Input stage

Output stage

**Matching stage**

Decision stage

**77. All of the following are the key opportunities or threats in external environment because of Political, Govt. & Illegal force EXCEPT:**

Tax rates

**Trust in government**

Pak-India relationships

Patent laws

**78. Swan Shoes is a company that specializes in manufacturing stylish shoes. Its managers are trying to answer such questions as: What is the current situation of the company? Swan Shoes is most likely to conduct which one of the following?**

WS analysis

TOWS analysis

WT analysis

**OS analysis**

**79. Which stage of the strategy-formulation framework focuses on generating feasible alternative strategies?**

**Input**

Output

Decision

Matching

**80. Non-financial benefits of strategic management include all of the following EXCEPT:**

Better awareness of external threats

Enhanced awareness of threats

Reduced resistance to change

**Increase in sales**

**81. Matching stage of the strategy formulation framework comprises of formulating which of the following set of strategies?**

BCG, SPACE and QSPM Matrix

**BCG, SPACE and TOWS Matrix**

SPACE, TOWS and IFE Matrix

BCG, SPACE and EFE Matrix

**82. Buyers can exercise high bargaining power over their suppliers under which one of the following conditions?**

When there are many good substitutes of raw material

**There are few buyers in the market**

They have few suppliers to choose from

There is a high concentration of suppliers

**83. Which of the following is not a strategy-implementation activity?**

**Long term goals and objectives**

Developing strategy supportive culture

Redirecting marketing efforts

Developing and utilizing information system

**84. In adapting to change an organization must monitor which of the following?**

Ongoing processes

Internal and external events

Timely changes

**All of the given options**

**85. Lack of access to key distribution channel indicates which of the following?**

Strength

**Weakness**

Opportunity

Threat

**86. The SMART goal criteria 'Relevant' suggests which one of the following?**

Are you able to assess your progress?

Do you know exactly what you want to accomplish?

**Is your goal relevant towards your purpose in life?**

What is the deadline for completing your goal?

**87. Firms in quadrant-IV of grand strategy matrix have which of the following characteristics?**

Rapid market growth and strong competitive position

Rapid market growth and weak competitive position

**Slow market growth and strong competitive position**

Slow market growth and weak competitive position

**88. Which of the following is the last step in the development of QSPM?**

Developing a list of the firm's key external and internal factors

Determining the Attractiveness Scores for each strategy

**Compute the Sum Total Attractiveness Score**

Assigning weights to each key external and internal factor

**89. In the SPACE analysis, what does (+7, -6) coordinates depict?**

A firm operating in a strong industry with an unstable environment

A firm operating in a strong industry with a stable environment

A highly competitive firm operating in an unstable environment

**A financially strong firm operating in an unstable environment**

**90. Which of the following is NOT one of the major approaches to R&D?**



To be the first firm to market new technological products

To be an innovative imitator of successful products

To be a low-cost producer by mass-producing products

**To be a differentiated products manufacturer in industry**

**91. Which of the following categories of ratios includes return on total assets and return on stockholders' equity as its types?**

**Profitability**

Leverage

Growth

Liquidity

**92. All of the following fall under the category of "Process" function of production management EXCEPT:**

Choice of technology

**Quality assurance**

Process flow analysis

Transportation analysis

**93. On the x-axis of IE Matrix, an IFE total weighted score of 1.50 depicts what?**

**A weak internal position**

An average internal position

A strong internal position

A low internal position

**94. Strategy formulation techniques can be integrated into how many stages of decision making framework?**

Two

**Three**

Four

Five

**95. Which of the following is NOT included in SWOT Matrix?**

**Matching strengths and threats**

Matching weaknesses and threats

Matching weaknesses and opportunities

Matching weaknesses and strengths

**96. Which analytical tool consists of a nine-cell matrix?**

Competitive Profile Matrix

SPACE Matrix

Grand Strategy Matrix

**Internal-External Matrix**

**97. Internal analysis involves gathering and analyzing the information about all areas of a firm EXCEPT:**

Research and development

Management information system

Marketing

Competitors

**98. If market shares of competitors are declining whereas total industry sales are increasing, which strategy do you think may be the right one to pursue?**

Divestiture

**Market Penetration**

Market Development

Retrenchment

**99. Which of the following is an example of Intensive strategies?**

Conglomerate strategy

Forward integration

**Market penetration**

Retrenchment

Market penetration, market development, and product development

**100. Which of the following are the guidelines of decision making?**

Laws

Rules

**Policies**

Goals

**101. All of the following are included in the five functions of the management process EXCEPT:**

Planning

Organizing

Leading

**Delegating**

**102. While preparing an External Factor Evaluation matrix, a total score of 0.8 indicates what?**

Firm is taking advantages of strengths and avoiding threats

Firm is not taking advantages of opportunities and is avoiding threats

**Firm is not taking advantages of opportunities and is not avoiding threats**

Firm is taking advantage of opportunities and is avoiding the threats

**103. All of the following fall under Pricing decisions EXCEPT:**

Discounts

Credit terms

Markups

**Dealer relations**

**104. Which of these basic questions a vision statement answers?**

What is our business?

Who are our employees?

**What do we want to become?**

Who are our competitors?

**105. The external environmental trends and events that could significantly harm an organization in the future may be known as:**

Strengths

Weaknesses

Opportunities

**Threats**

**106. Internal strengths and weaknesses that can significantly benefit or harm an organization may include all of the following EXCEPT:**

Production/ operations

Research & development

**E-commerce**

Management information system

**107. Which matrix is included in the decision stage of the strategy formulation framework?**

IE Matrix

**QSPM Matrix**

BCG Matrix

SPACE Matrix

**Stage-3 (Decision stage)**

1. QSPM (Quantitative Strategic Planning Matrix)

**108. External forces directly affect all of the following EXCEPT:**

Market segmentation strategies

Types of products/services offered

## **Management structure of organization**

Choice of businesses to acquire or sell

External forces affect the types of products developed, the nature of positioning and market segmentation strategies, the types of services offered, and the choice of businesses to acquire or sell. External forces directly affect both suppliers and distributors.

**109. All of the following are the basic functions of marketing EXCEPT:**

Selling products/services

Product and service planning

Marketing research

**Arranging for finance**

**110. Which of the following marketing entity is NOT an intermediary?**

Brokers

Agents

**Producer**

Vendors

**111. Which of the following is NOT a SPACE Matrix quadrant?**

Aggressive  
Defensive  
Competitive  
**Offensive**

**112. XYZ Company has controlled its distributors so that no other firm can access the scarce natural resources available in the country, which are used in XYZ's production. This action is to reduce which of the following:**

The bargaining power of customers  
The bargaining power of suppliers  
**The threat of new entrants**  
The threat of substitute products

**113. Financial ratios are helpful in analyzing the relationship among which of the following?**

All assets and liabilities  
Profits and costs  
**All functional areas of business**  
Sales and profitability

**114. Most likely, what was the cash cow in the past?**



Dog

Failure

Question mark

Star

**115. Which of the following directs at developing new products before competitors do at improving product quality or at improving manufacturing processes to reduce costs?**

Marketing

Opportunity analysis

**Research and development**

Management

**116. All of the following are Porter's Generic Strategies EXCEPT:**

Differentiation

**Hybrid**

Cost leadership

Focus

**117. Which one of the following is not an approach to resolve conflicts?**

Avoidance

Diffusion

Confrontation

Ignorance

**118. Firms located in which quadrant of the Grand Strategy Matrix are in an excellent strategic position?**

I

II

III

IV

**119. All of the following are the examples of promotion decision EXCEPT:**

Personal selling

**Volume discounts**

Public relations

Advertising

**MC090200813 : Amna Khan**

**120. Which of the following is NOT a Corporate level objective?**

Achieving return on investment of at least 15%

**Aiming to achieve a market share of 10%**

Attaining operating profit of over Rs.10 million

Increase earnings per share by at least 10% every year

**121. Which of the followings best describes the Horizontal integration?**

A firm takes over a supplier

A firm takes over a distributor

**A firm takes over a competitor**

A firm takes over a manufacturer

**122. Which of the following is NOT a part of resource allocation plan?**

Basic allocation decision

Contingency mechanisms

**Primary allocation mechanism**

None of the given options

**123. ABC firm is facing high production costs in Pakistan due to expensive raw material. The firm is formulating a strategy of capturing European market because of low priced raw material and high demand of their products in Europe. Keeping in view the mentioned situation which of the following strategies ABC firm must pursue?**

WO Strategy

SW Strategy

ST Strategy

**WT Strategy**

**124. Long-term objectives are needed at which level(s) of the organization?**

Corporate level

Divisional level

Functional level

**All of the given options**

**125. Which of the following is the first step in the controlling function of management?**

Take corrective actions

Restrict breaks employees take

Evaluate expense reports

**Establish performance standards**

**126. Choose the economic variable from the list.**

Attitudes toward business

Attitudes toward product quality

Population changes by race

**Stock market trends**

**127. Which of the following stages of "Strategy Formulation Framework" involves developing Internal-Factor Evaluation Matrix?**

Input stage

Output stage

**Matching stage**

Decision stage

**128. Various job titles of a strategist may includes all of the following EXCEPT:**

Owner

**Foreman**

Chancellor

Chief executive officer

**129. All of the following tasks are performed by R&D employees and managers EXCEPT:**

Transferring complex technology

Adapting processes to local markets

Adjusting process to local raw materials

**Make sure the availability of resource**

**130. Buyers can exercise high bargaining power over their suppliers under which one of the following conditions?**

When there are many good substitutes of raw material

**There are few buyers in the market**

They have few suppliers to choose from

There is a high concentration of suppliers

**131. According to Freund, Which one of the following should NOT be the characteristics of key external factors?**

Measurable

**Relatively few in number**

Applicable to all competing firms

Important to achieve long-term objectives

**132. Corporate social policy should be designed and articulated during which phase of strategic management?**

Implementation

**Formulation**

Evaluation

Management

**133. Which of the following groups represents the stakeholders of a company?**

The owners of the company

The people who purchase the shares of the company

**The people who have a special stake or claim on the company**

Are the people who are in the management of a company?

**134. All of the following are the types of cooperative arrangements EXCEPT:**

R&D partnerships

Joint-bidding consortia

Cross-licensing agreements

**Diversification**

Other types of cooperative arrangements include research and development partnerships, cross-distribution agreements, cross-licensing agreements, cross-manufacturing agreements, and joint-bidding consortia.

135. Which of the following is NOT a characteristic of well-constructed goals?

Address important issues

**Easy to remember**

Precise and measurable

Challenging but realistic

**MC090206610: Muhammad Asim Ayub**

136. When the firm is located in Quadrant I of grand strategy matrix and it has excessive resources, it is effective to pursue what strategies?

Diversification strategies

Intensive strategies

**Integration strategies**

Defensive strategies

137. The last remedy for Quadrant II firm is to follow which strategy?

Horizontal integration

Market development

Forward integration

**Divestiture**



**138. Defensive strategies include all of the following EXCEPT:**

Retrenchment

**Acquisition**

Divestiture

Liquidation

**139. Marketing decisions generally fall into four controllable categories.  
Which one of the following is NOT one of marketing decisions category?**

Product

**Process**

Distribution

Promotion

**140. Which of the following statement is NOT true about Employee stock ownership plan?**

These corporations are owned in whole or in part by their employees

Their employees can buy shares at any time or after a certain length of employment

**Their shares are traded on public stock market**

The profits of these corporations are shared with their employees

**141. Which one variable falls under the category of the Social, Cultural, Demographic, and Environmental Variable**

Propensity of people to spend

**Buying habits**

Level of disposable income

Income differences by region

**142. R & D expertise should be obtained through acquisition of a well-established in the industry in which of the following situation:**

Technological progress is slow and market growth is moderate

Technology is changing rapidly and market is growing slowly

If technology is changing slowly and market is growing quickly

**If both, technological progress and market growth rate are fast**

**143. Which one of the following is NOT among the Michael Porter's forces?**

The bargaining power of customers

The bargaining power of suppliers

**The intensity of differentiation strategy**

The threat of substitute products

**144. Which marketing function includes test marketing?**

Selling products/services

Customer analysis

**Product/service planning**

Distributing

**145. In the process of developing a mission statement, which of the following is CORRECT?**

To involve as few managers as possible

**To involve as many managers as possible**

To involve upper-level management only

To involve the board of directors only

**146. What type of strategies would you recommend when a firm's SPACE Matrix directional vector has coordinates (-2, +3)?**

Aggressive

**Conservative**

Competitive

Defensive

**147. Which cell of the SWOT Matrix involves matching internal strengths with external opportunities?**

The WT cell

The SW cell

The ST cell

**The SO cell**

Match internal strengths with external opportunities and mention the result in the SO Strategies cell.

**148. Which group would be classified as a stakeholder?**

Communities

Banks

Suppliers

**All of the given options**

**149. Which of the following depicts the signs of strength of a company's competitive position?**

A debt-to-asset ratio below 0.50 and higher EPS

A website with extensive information about the company and its product line

An annual R&D and advertising expenditures greater than \$10 million

**A strongly differentiated product, a strong or rising market share**

**150. Strategist is an individual who is involved in the strategic management process thus may be known as:**

Member board of director

**President**

Division manager

All of the given options

**151. According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?**

I

II

III

**IV**

**152. The cross training of employees for getting a better understanding of the whole business can create problems related to following issues EXCEPT:**

It can require ample investments in training

Skilled workers may dislike unskilled workers

Older employees may not want to learn new skills

**Employees give worse ideas in planning session**

**153. Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?**

Economic forces

Social, cultural and, demographic forces

**Political, governmental, and legal forces**

Competitive forces

**154. Establishing and implementing ways of making things work is known as:**

Planning

**Organizing**

Leading

Controlling

**155. Din Mohammad, a farmer sells his crops at the local market rather than to a distribution center. This action of Din Mohammad comes under which of the following?**

Backward integration

Product development

**Forward integration**

Horizontal integration

156. Theoretical framework is trying to develop a \_\_\_\_\_ model of our study.

Functional

**Conceptual**

Operational

Practical

157. Which of the following are two negative-rated dimensions on SPACE Matrix?

FS and CA

**CA and ES**

FS and IS

IS and ES

158. Where usage rate of present customers of the company can be increased significantly and the current markets are not saturated, which strategy would be effective for the company to follow?

**Market Penetration**

Product Development

Market Development

Retrenchment

**159. In Competitive Profile Matrix, the rating 4 indicates what?**

Major weakness

**Major strength**

Minor strength

Minor weakness

rating 1 represents major weakness, rating 2 shows minor weakness. Similarly, rating 3 indicates minor strength whereas rating 4 shows major strength. It means that weakness must receive 1 or 2 rating while strength must get 3 or 4 rating.

**160. A chance for advancement, progress or profit prevailing in external environment of a company is known as:**

Strength

Weakness

**Opportunity**

Threat

**161. When the Chief Executive of a chain of pharmacies decided to sell off or close some of the locations that were not profitable, he was performing which of the management function?**

Leading

Planning



## **Controlling**

Organizing

Taking any corrective action is a part of controlling function.

**162. Internal analysis involves gathering and analyzing the information about all areas of a firm EXCEPT:**

Research and development

Management information system

Marketing

## **Competitors**

**163. Internal strengths and weaknesses that can significantly benefit or harm an organization may include all of the following EXCEPT:**

Production/ operations

Research & development

## **E-commerce**

Management information system

Internal strengths and internal weaknesses are an organization's controllable activities that are performed especially well or poorly. They arise in the management, marketing, finance/accounting, production/operations, research and development, and computer information systems activities of a business. Identifying and evaluating organizational strengths and weaknesses in the functional areas of a business is an essential strategic-management activity.

Organizations strive to pursue strategies that capitalize on internal strengths and improve on internal weaknesses.

**164. Strategic management integrates all of the following areas EXCEPT:**

Management

Marketing

Research and development

**Human resource management**

**165. Which management function includes breaking tasks into jobs, combining jobs to form departments and delegating authority?**

Motivating

**Staffing**

Organizing

Planning

**166. All of the following statements are true about a firm's mission statement EXCEPT:**

A mission statement does not directly contribute positively to financial performance.

**A mission statement directly contributes positively to financial performance.**

A mission statement should not provide useful criteria for selecting among alternative strategies.

**167. Primary reason to develop a mission statement is not to attract the customers a firm should practice Joint Venture strategy in which of the following cases?**

When the SPACE matrix vector lies in defensive quadrant

When the SPACE matrix vector lies in aggressive quadrant

When the SPACE matrix vector lies in conservative quadrant

When the SPACE matrix vector lies in competitive quadrant

**168. Assessment of competitive rivalry does NOT include an understanding of which of the following?**

Mergers and acquisition in industry

Market growth rates

Exit barriers and operational efficiency of competitor

The management structure of an organization

**169. What is the range for a firm's total weighted score in an External Factor Evaluation Matrix?**

0 to 5

0 to 4

1 to 5

1 to 4

total weighted score for the organization, Highest possible weighted score for the organization is 4.0; the lowest, 1.0. Average = 2.5

**170. All of the following would be considered as opportunities for a business, EXCEPT:**

Removal of international trade barriers

Emergence of unfulfilled customer need

**Emergence of substitute products**

Loosening of regulations

**171. A firm's division with a high relative market share position in a low-growth industry can be referred to which of the following category?**

Star

**Cash cow**

Question mark

Dog

**172. SPACE matrix stands for:**

**Strategic position and action evaluation matrix**

Strategic power and commerce evaluation matrix

Strategy performance and activity evaluation matrix

Strategy position and competitiveness evaluation matrix

1. TOWS Matrix (Threats-Opportunities-Weaknesses-Strengths)
2. SPACE Matrix (Strategic Position and Action Evaluation)
3. BCG Matrix (Boston Consulting Group)
4. IE Matrix (Internal and external)
5. GS Matrix (Grand Strategy)

**173. Long-term objectives are needed at which level(s) of the organization?**

Corporate level

Divisional level

Functional level

**All of the given options**

5. Long term objectives are needed at the corporate, divisional and functional levels of an organization.

**174. Strategy formulation techniques can be integrated into how many stages of decision making framework?**

Two

**Three**

Four

Five

Ref: <http://mba.zainbooks.com/terms/management/a-comprehensive-strategy-formulation-framework.shtml>

**175. All of the following situations are conducive to market development EXCEPT:**

When new untapped or unsaturated markets exist

**When new channels of distribution are expensive**

When an organization has excess production capacity

When an organization's basic industry is becoming rapidly global

**176. Lack of access to key distribution channel indicates which of the following?**

Strength

**Weakness**

Opportunity

Threat

Ref: <http://www.quickmba.com/strategy/swot/>

**177. ABC firm is facing high production costs in Pakistan due to expensive raw material. The firm is formulating a strategy of capturing European market because of low priced raw material and high demand of their products in Europe. Keeping in view the mentioned situation which of the following strategies ABC firm must pursue?**

WO Strategy

SW Strategy

ST Strategy

**WT Strategy**

Ref: <http://www.docstoc.com/docs/23483705/St-Managmentquaiz-and-importand-que>

**178. Which one of the followings best describes this statement; “The conditions that a company must satisfy in order to be able to enter an industry”?**

Economies of scale

**Barriers to entry**

Differentiation

Competitive environment

Ref: [http://highered.mcgraw hill.com/sites/0073054224/student\\_view0/](http://highered.mcgraw hill.com/sites/0073054224/student_view0/)

**179. Which strategy should an organization use if it competes in a no-growth or a slow-growth industry?**

Related diversification

Backward integration

Unrelated diversification

**Retrenchment**

that company's weak competitive situation and slow market growth. The firms fall in this quadrant compete in slow-growth industries and have weak competitive positions. These firms must make some drastic changes quickly to avoid further demise and possible liquidation. Extensive cost and asset reduction (retrenchment) should be pursued

**180. Defensive strategies include all of the following EXCEPT:**

Retrenchment

**Acquisition**

Divestiture

Liquidation

Defensive Strategies In addition to integrative, intensive, and diversification strategies, organizations also could pursue Retrenchment, divestiture, or liquidation.

**181. Selling all of a company's assets in parts for their tangible worth is known as:**

Joint venture

Divestiture

**Liquidation**

Integration

Selling all of a company's assets, in parts, for their tangible worth Selling all of a company's assets, in parts, for their tangible worth is called *liquidation*. Liquidation is recognition of defeat and, consequently, can be



an emotionally difficult strategy. However, it may be better to cease operating than to continue losing large sums of money.

**182. Which of the following stages of strategy formulation framework involves developing Internal-External (IE) Matrix?**

Input stage

**Output stage**

Matching stage

Decision stage

**183. Input stage of strategy-formulation framework includes developing which of the following set of strategies?**

IFE, EFE and QSPM Matrix

**IFE, IE and BCG Matrix**

IFE, CPM and EFE Matrix

EFE, IE and CPM Matrix

**184. ABC company is competing in an industry where the growth rate of that industry from year to year has reached or is close to zero, ABC is operating in which industry?**

Growing industry

Emerging industry

## **Mature industry**

Declining industry

**185. Which of the following strategy generally entails large research and development expenditures?**

Market penetration

Retrenchment

Forward integration

## **Product development**

### Product Development

Product development is a strategy that seeks increased sales by improving or modifying present products or services. Product development usually entails large research and development expenditures.

**Question No: 1 ( Marks: 1 ) - Please choose one**

R&D expertise should be obtained through acquisition of a well-established firm in the industry in which of the following situation?

If both technical progress and market growth are fast

### **If technology is changing slowly but the market is growing fast**

If the technical progress is slow, market growth the rate is moderate

If technology is changing rapidly and the market is growing slowly

**Question No: 2 ( Marks: 1 ) - Please choose one**

A desired future state that the organization attempts to realize . Identify the term relevant to the given statement.

Policy

Procedure

### **Goal**

Strategy

**Question No: 3 ( Marks: 1 ) - Please choose one**

The purpose of a mission statement is to declare all of the following EXCEPT:

A reason of being

A statement of purpose

**An annual financial plan**

A statement of beliefs

**Question No: 4 ( Marks: 1 ) - Please choose one**

Ethnic balance changes due to the migration of the people from different areas to different areas. This affects the ethical behavior very much , this is the effect of

which of the following forces?

Economic forces

**Social, cultural, and demographic forces**

Technological forces

Competitive forces

**Question No: 5 ( Marks: 1 ) - Please choose one**

Which of the following can be considered as barriers to entering a market or industry?

The lack of economies of scale and experience and low levels of brand loyalty

**The presence of large number of rivals already in the industry**

Relatively large capital requirements and industry have economies of scale

The absence of tariffs, trade restrictions, and/or government-mandated regulations

**Question No: 6 ( Marks: 1 ) - Please choose one**

Which one of the statements is a good example of the competitive power of substitute products?

The competition between contact lens and eyeglasses

the competition between Amazon.com and traditional off-line bookstores

The competition between cellular phones and computers

The competition between Aspirin and joshanda

**Question No: 7 ( Marks: 1 ) - Please choose one**

Assigning 1 rating to a key external factor indicates that:

Response is average

**Response is poor**

Response is superior

Response is above average

**Question No: 8 ( Marks: 1 ) - Please choose one**

What is the difference between CPM and EFE?

**CPM includes both internal and external issues**

The weight and total weighted score mean opposite

CPM ratings range from 1 to 10

CPM is performed only for the large businesses

**Question No: 9 ( Marks: 1 ) - Please choose one**

Which of the following can be the strength of an organization?

A developing market

A new international market

Loosening of regulation

**Strong management team**

**Question No: 10 ( Marks: 1 ) - Please choose one**

Max Rent-a-Car is opening car rental shops in Wal-Mart stores, is an example of which type of strategy?

**Forward integration**

Backward integration

Related diversification

Unrelated diversification

**Question No: 11 ( Marks: 1 ) - Please choose one**

Which of the followings involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels?

Innovation

Differentiation

**Product development**

Market development

**Question No: 12 ( Marks: 1 ) - Please choose one**

Abdullah Group of Industries is involved in the sale of its marginal business. It is most likely to say that Abdullah Group is implementing \_\_\_\_\_ strategy.

Join venture

Acquisition

Liquidation

**Retrenchment**

**Explanation:** Retrenchment can entail selling off land and buildings to raise needed cash, pruning product lines, closing marginal businesses, closing obsolete factories, automating processes, reducing the number of employees, and instituting expense control systems.

**Question No: 13 ( Marks: 1 ) - Please choose one**

Which strategy should be implemented when a division is responsible for an Organization's overall poor performance?

**Divestiture**

Forward integration

Cost leadership

Related diversification

**Question No: 14 ( Marks: 1 ) - Please choose one**

Matching stage of strategy formulation framework comprises of formulation of which of the following set of matrices?

BCG, SPACE, QSPM matrix

**BCG, SPACE, TWOS Matrix**

SPACE, TWOS and IFE matrix

BCG, SPACE, EFE Matrix

**Question No: 15 ( Marks: 1 ) - Please choose one**

Other than ranking strategies to achieve the prioritized list, only one analytical technique in strategy formulation which is designed to determine the relative attractiveness of feasible alternative actions is known as:

SPACE

**QSPM**

IFE

CPM

**Explanation:** QSPM stands for **Quantitative Strategic Planning Matrix**. A quantitative method used to collect data and prepare a matrix for strategic planning. It is based on identified internal and external crucial success factors.

**Question No: 16 ( Marks: 1 ) - Please choose one**

ABC Corporation can have competitive advantage over its competitor by taking all of the following actions EXCEPT:

By increasing product quality

**By having debt to equity ratio=1**

By altering product life cycle

By increasing customer base

**Question No: 17 ( Marks: 1 ) - Please choose one**

What type of strategies would you recommend when a firm's SPACE Matrix

directional vector has the coordinates (-4, -4)?

Aggressive

Conservative

Competitive

Defensive

**Question No: 18 ( Marks: 1 ) - Please choose one**

A position vector with (-6, +6) coordinates describes which one of the following statement regarding SPACE analysis matrix?

A financially weak and highly competitively firm

A financially strong and highly competitively firm

A Financially strong firm but competitively weak

A financially as well as competitively weak firm

**Question No: 19 ( Marks: 1 ) - Please choose one**

Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:

**New investments**

Production efficiency

Distribution efficiency

Product innovation

**Question No: 20 ( Marks: 1 ) - Please choose one**

On the x-axis of IE Matrix, an IFE total weighted score of 3.75 depicts what?

A weak internal position

An average internal position

**A strong internal position**

A low internal position

**Explanation:** On the x-axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.

**Question No: 21 ( Marks: 1 ) - Please choose one**

Which of the following is TRUE about weights assigned in QSPM?

This refers to preference assigned to the internal and external factors

**This refers to relative importance of the internal and external factors**

This refers to the insignificance of the internal and external factors

This refers to the relative size of the internal and external factors

**Question No: 22 ( Marks: 1 ) - Please choose one**

What can be the limitation of QSPM?

Only a few strategies can be evaluated simultaneously

The cost of doing the analysis is very high

**Intuitive judgments and educated assumption are required**

It requires equal participation of everyone in organization

**Question No: 23 ( Marks: 1 ) - Please choose one**

Which of the following is NOT a part of resource allocation plan?

Basic allocation decision

Contingency mechanisms

**Primary allocation mechanism**

None of the given options

**Explanation:** In strategic planning, a resource-allocation decision is a plan for using available resources, especially human resources especially in the near term, to achieve goals for the future. It is the process of allocating resources among the various projects or business units. The plan has two parts: Firstly, there is the basic allocation decision and secondly there are contingency mechanisms.

**Question No: 24 ( Marks: 1 ) - Please choose one**

Which one of the following is not an approach to resolve conflicts?

Avoidance

Defusion

Confrontation

**Ignorance**

**Question No: 25 ( Marks: 1 ) - Please choose one**

Which approach for managing and resolving conflict involves playing down

differences between conflicting parties while stressing on similarities and common interests?

Avoidance

Compliance

Defusion

Confrontation

**Question No: 26 ( Marks: 1 ) - Please choose one**

Which of the following is best identified as being an adaptation of the divisional structure?

Vertical Integration

Strategic business units

Joint venture

**None of the given options**

**Rationale:** Medium-size firms tend to be divisionally structured (decentralized). Whereas above mentioned 3 form of organizations fall under the category of large size organizations which adopt SBU.

**Question No: 27 ( Marks: 1 ) - Please choose one**

All of the following would be considered as true statements regarding the matrix organizational structure EXCEPT which one?

**It reduces managerial positions**

It shares authority and responsibility among managers

It distributes stress among the team members

It maintains better balance between time and performance

**Rationale:** A matrix structure can result in higher overhead because it creates more management positions.

**Question No: 28 ( Marks: 1 ) - Please choose one**

The inventory is viewed as which of the following in Just In Time Inventory system:

**Incurring costs**

Adding value

Disburse expense

None of the given options

**Explanation:** First off inventory is seen as incurring costs instead of adding value, contrary to traditional thinking. Therefore, under the philosophy businesses are encouraged to eliminate inventory that doesn't add value to the product.

**Question No: 29 ( Marks: 1 ) - Please choose one**

What is NOT a major benefit of having a diverse workforce?

Improvement of the bottom line

**An increase in training costs**

An increase in productivity

A decrease in complaints



**Question No: 30 ( Marks: 1 ) - Please choose one**

Market segmentation is especially used in implementing strategies by which of the following firms?

**Small firms**

Large firms

Medium-size firms

All of the given options

**Reference:** Market segmentation is widely used in implementing strategies, especially for small and specialized firms. Market segmentation can be defined as the subdividing of a market into distinct subsets of customers according to needs and buying habits.

**Question No: 31 ( Marks: 1 ) - Please choose one**

All of the following are the requirements for successful segmentation EXCEPT:

Segment is large enough to be profitable

**Homogeneity between the segments**

Segments are accessible and actionable

Heterogeneity between segments

**Rationale:** Homogeneity **within** the segment

**Question No: 32 ( Marks: 1 ) - Please choose one**

The process of dividing markets into groups of consumers who are similar to each other .Which of the following terms describes the statement?

Positioning

**Segmentation**

Marketing

Targeting

**Question No: 33 ( Marks: 1 ) - Please choose one**

Which of the following statements is FALSE about mass marketing?

Mass marketing reduces costs through economies of scale by the increased volume

**Mass marketing does not try to please all customers with same offering**

Mass marketing allows economies of scale to be realized through mass production

Mass Marketing means attempting to sell the same product to a wider audience

**Rationale:** The drawback of mass marketing is that customer needs and preferences differ and the same offering is unlikely to be viewed as optimal by all customers.

**Question No: 34 ( Marks: 1 ) - Please choose one**

Which of these is the most common type of budgeting time frame?

Daily

Monthly

Quarterly

**Annually**

**Explanation:** Annual budgets are most common, although the period of time for a budget can range from one day to more than ten years.

**Question No: 35 ( Marks: 1 ) - Please choose one**

At least how many R & D approaches are used for the implementation of strategy?

Three

Four

Five

Two

**Question No: 36 ( Marks: 1 ) - Please choose one**

Which one of the following is not a rivalry determinant of Porter's model?

Differentiation of inputs

Industry growth

Diversity of competitors

**Switching costs**

**Rationale:** It is threat of substitute product.

**Question No: 37 ( Marks: 1 ) - Please choose one**

What is the purpose of strategy evaluation?

Increase the budget annually

**Alert management of problems**

Make budget changes

Evaluate employees performance

**Question No: 38 ( Marks: 1 ) - Please choose one**

All of the following are the examples of technology development EXCEPT:

Research and Development

**Quality management**

Process automation

Design and redesign

**Question No: 39 ( Marks: 1 ) - Please choose one**

Strategy evaluation is based on which of the following?

Quantitative and empirical criteria

Empirical and qualitative criteria

Qualitative and objective criteria

**Qualitative and quantitative criteria**

**Question No: 40 ( Marks: 1 ) - Please choose one**

Which of the following statement is TRUE about most of the quantitative criteria of evaluating strategies?

**These are geared to annual objective**

These are geared to short-term objective

These are geared to long-term objective

These are geared to social objectives

**Reference:** most quantitative criteria are geared to annual objectives rather than long-term objectives.

**Question No: 41 ( Marks: 1 ) - Please choose one**

What is the basis for quantitative financial evaluation?

The EPS/EBIT Analysis

Capital Asset Pricing Model

**Financial ratios**

Present value analysis

**Explanation:** Quantitative criteria commonly used to evaluate strategies are financial ratios, which strategists use to make three critical comparisons:

**Question No: 42 ( Marks: 1 ) - Please choose one**

The people who perform audit can be categorized as all of the following EXCEPT:

Independent auditors

**Financial auditors**

Government auditors

Internal auditors

**Question No: 43 ( Marks: 3 )**

Formulation framework is considered to be the input stage of a Comprehensive

Strategy-Formulation Framework. You are required to identify the strategy

formulation tools included in this stage.

**Question No: 44 ( Marks: 3 )**

One of the approaches to implement change says: People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions. Identify that approach and explain.

**Question No: 45 ( Marks: 3 )**

Net worth can be used to determine credit worthiness because it gives a snapshot of the company's investment history. Identify three approaches for determining the worth of a business.

**Question No: 46 ( Marks: 5 )**

Explain the benefits and limitations of developing a Boston Consulting Group Matrix.

**Question No: 47 ( Marks: 5 )**

Describe the kind of strategy-evaluation system, a large and a small organization require?

**Question No: 48 ( Marks: 10 )**

Suppose you are a strategist in a company and you want to evaluate the effectiveness of your contingency planning? How will you do it?

**Question No: 49 ( Marks: 10 )**

The Management of Voyager Pvt.Ltd. has been facing a decline in sales and profits since 9 months due to strong competitors. Now the management has decided to restructure the company. You being a management consultant are required to guide them in the following areas:

The process of restructuring. (2)

In which cases they should use this option? (2)

What would be the benefits of restructuring to the organization? (3)

What possible actions the management should take while restructuring the company? (3)

**Question # 1 of 15 (Start time: 08:34:41 PM) Total Marks: 1**

Firms in quadrant-IV of grand strategy matrix have which of the following characteristics?

Select correct option:

Rapid market growth and strong competitive position

Rapid market growth and weak competitive position

**Slow market growth and strong competitive position**

Slow market growth and weak competitive position

**Question # 2 of 15 ( Start time: 08:35:29 PM ) Total Marks: 1**

Assigning rating 3 to an internal factor in IFE matrix indicates what?

Select correct option:

Major weakness

Minor weakness

**Minor strength**

Major strength

Question # 3 of 15 ( Start time: 08:36:28 PM ) Total Marks: 1

Which one of the following dimensions is NOT a recommended component of a mission statement?

Select correct option:

Self-concept

Markets

**Strategies**

Customers

Question # 4 of 15 ( Start time: 08:37:04 PM ) Total Marks: 1

All of the following are used as a base for market segmentation EXCEPT:

Select correct option:

**Socioeconomic**

Geographic

Demographic

Psychographic

Question # 5 of 15 ( Start time: 08:37:43 PM ) Total Marks: 1

Majority of the businesses follow which of the following organizational structure?

Select correct option:

Strategic business unit

**Functional structure**

Divisional structure

Matrix structure

Question # 6 of 15 ( Start time: 08:38:28 PM ) Total Marks: 1

In the SPACE analysis, what does (+6, +3) strategy profile portray?

Select correct option:

**A strong industry with strong financial strength**

A stable environment with strong financial strength

A stable environment for highly competitive firm

A strong industry operating in stable environment

Question # 7 of 15 ( Start time: 08:39:59 PM ) Total Marks: 1

Which of the following statement is referred to 'Price fluctuation'?

Select correct option:

Decrease in prices

Increase in prices

Fluctuation in the prices of a particular commodity

### **Fluctuation in general price level**

Question # 8 of 15 ( Start time: 08:40:23 PM ) Total Marks: 1

Long-term objectives are needed at which level(s) of the organization?

Select correct option:

Corporate level

Divisional level

Functional level

**All of the given options**

Question # 9 of 15 ( Start time: 08:40:59 PM ) Total Marks: 1

For the past four years the ABC Corporation has been planning to expand its operations in order to reach out to the world market. Essentially, the ABC Corporation desires to do what?

Select correct option:

Become an online business

Become a brick-n-mortar business

**Embrace globalization**

Become a click-n-mortar business

Question # 10 of 15 ( Start time: 08:41:43 PM ) Total Marks: 1

Establishing and implementing ways of making things work is known as:

Select correct option:

**Planning**

Organizing

Leading

Controlling

Question # 11 of 15 ( Start time: 08:42:35 PM ) Total Marks: 1

All of the following are functional support roles of Management Information System EXCEPT:

Select correct option:

Recording and storing accounting records

Recording and storing inventory data

Recording and storing business intelligence data

**The enhanced ability to explore "what if"**

Question # 12 of 15 ( Start time: 08:43:05 PM ) Total Marks: 1

Strategy formulation stage includes all of the following EXCEPT:

Select correct option:

Vision and mission

Strength and weakness

Opportunities and threats

## Annual objectives

Question # 13 of 15 ( Start time: 08:43:52 PM ) Total Marks: 1

During which stage of strategic management, firm's specific internal strengths and weaknesses are determined?

Select correct option:

### Formulation

Implementation

Evaluation

Feedback

Question # 14 of 15 ( Start time: 08:44:21 PM ) Total Marks: 1

The SPACE matrix of XYZ company shows that the coordinates of its directional vector are (-5, -5). What strategy would you recommend for the ABC Company?

Select correct option:

### Concentric diversification

Market development

Backward integration

Joint venture

Question # 15 of 15 ( Start time: 08:45:14 PM ) Total Marks: 1

Which one of the following is NOT a basic mission of a competitive intelligence program?

Select correct option:

To provide a general understanding of an industry

To provide a general understanding of a company's competitors

**To identify industry executives who could be hired by the firm**

To identify potential moves a competitor might make that would endanger a firm

Question # 1 of 15 ( Start time: 08:49:07 PM ) Total Marks: 1

According to Porter, which strategy offers products or services to a small range of customers at the lowest price available on the market?

Select correct option:

**Low cost**

Best value

Cost focus

Differentiation

Question # 2 of 15 ( Start time: 08:49:48 PM ) Total Marks: 1

All of the following are the indicators of industry strength for an organization EXCEPT:

Select correct option:

Financial stability

Ease of entry into the market

Geographic and product freedom

### **Control over suppliers**

Question # 3 of 15 ( Start time: 08:50:40 PM ) Total Marks: 1

The strategy embraced by Ahmad Bros. is to address the needs of a very selected and specialized market segment. That is most likely to engage in which one of the following types of strategy?

Select correct option:

Differentiation strategy

Generic strategy

**Focus strategy**

Low cost strategy

Question # 4 of 15 ( Start time: 08:51:22 PM ) Total Marks: 1

Ethnic balance is affected due to which of the following?

Select correct option:

Change in ethnic values

Awareness of ethnic norms

**Migration of the people towards different areas**

Introduction of new laws relating to ethnicity

Question # 5 of 15 ( Start time: 08:51:56 PM ) Total Marks: 1

All of the following are examples of marketing decisions that require policies EXCEPT:

Select correct option:

To be a market leader or follower

Whether to advertise online or not

**Either to offer a complete or limited warranty**

To use billboards for outdoor advertising

Question # 6 of 15 ( Start time: 08:52:35 PM ) Total Marks: 1

A system of several rites connected with a single occasion or event is known as:

Select correct option:

Myth

**Ceremonial**

Saga

Legend

Question # 7 of 15 ( Start time: 08:53:04 PM ) Total Marks: 1

Test marketing is commonly applied by which of the following companies?

Select correct option:

Industrial goods companies

**Consumer goods companies**

Public sector companies

Private sector companies

Question # 8 of 15 ( Start time: 08:53:44 PM ) Total Marks: 1

Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:



Select correct option:  
Distribution efficiency  
Production efficiency  
**New investments**  
Product innovation

Question # 9 of 15 ( Start time: 08:54:12 PM ) Total Marks: 1  
The purpose of an external audit is to prepare a list of which of the following?  
Select correct option:  
Opportunities and weaknesses  
Threats and strengths  
**Opportunities and threats**  
Strengths and weaknesses

Question # 10 of 15 ( Start time: 08:54:50 PM ) Total Marks: 1  
What strategies are appropriate for the divisions that fall in grow and build region of IE matrix?  
Select correct option:  
Defensive and integrative strategies  
**Intensive and integrative strategies**  
Diversification and intensive strategies  
Defensive and diversification strategies

Question # 11 of 15 ( Start time: 08:55:44 PM ) Total Marks: 1  
Adding new, unrelated products or services is called:  
Select correct option:  
Forward integration  
Backward integration  
**Conglomerate diversification**  
Concentric diversification

Question # 12 of 15 ( Start time: 08:56:24 PM ) Total Marks: 1  
Which one of the following is the organizational structure that most of the medium-size organizations follow?  
Select correct option:  
**Divisional structure**  
Strategic business unit  
Functional structure  
Matrix structure

Question # 13 of 15 ( Start time: 08:57:07 PM ) Total Marks: 1  
Which of the following is the first step in the controlling function of management?  
Select correct option:  
Take corrective actions  
Restrict breaks employees take  
Evaluate expense reports  
**Establish performance standards**

Question # 14 of 15 ( Start time: 08:57:55 PM ) Total Marks: 1

Which of the following factors can predict the stability or non-stability of the environment, the firm is operating in?

Select correct option:

**Rate of inflation**

Ease of exit from market

Customer loyalty

Financial stability

Question # 15 of 15 ( Start time: 08:58:33 PM ) Total Marks: 1

Which of the followings best describes the Horizontal integration?

Select correct option:

A firm takes over a supplier

A firm takes over a distributor

**A firm takes over a competitor**

A firm takes over a manufacturer

Question # 1 of 15 ( Start time: 09:02:21 PM ) Total Marks: 1

Which of these is an attractive strategy for a cash cow division?

Select correct option:

**Concentric diversification**

Horizontal integration

Conglomerate diversification

Backward integration

Question # 2 of 15 ( Start time: 09:03:20 PM ) Total Marks: 1

All of the following are the types of cooperative arrangements EXCEPT:

Select correct option:

R&D partnerships

Joint-bidding consortia

Cross-licensing agreements

**Diversification**

Question # 3 of 15 ( Start time: 09:04:34 PM ) Total Marks: 1

Which of the following is the first step in developing QSPM?

Select correct option:

**Developing a list of the firm's key external and internal factors.**

Determining the Attractiveness Scores for each strategy.

Examine the Stage 2 matrices and identify alternative strategies.

Assigning weights to each key external and internal factor.

Question # 4 of 15 ( Start time: 09:05:15 PM ) Total Marks: 1

The reason to develop QSPM is to evaluate the alternative strategies derived from all of these EXCEPT:

Select correct option:

Grand Strategy Matrix

BCG Matrix

Space Matrix

## CPM Matrix

Question # 5 of 15 ( Start time: 09:06:14 PM ) Total Marks: 1

All of the following situations are conducive to market development EXCEPT:

Select correct option:

When new untapped or unsaturated markets exist

**When new channels of distribution are expensive**

When an organization has excess production capacity

When an organization's basic industry is becoming rapidly global

Question # 6 of 15 ( Start time: 09:06:58 PM ) Total Marks: 1

All of the following are the examples of promotion decision EXCEPT:

Select correct option:

Personal selling

**Volume discounts**

Public relations

Advertising

Question # 7 of 15 ( Start time: 09:08:03 PM ) Total Marks: 1

Which strategy seeks to increase market share of present products or services in present markets through greater marketing efforts?

Select correct option:

**Market penetration**

Market development

Backward integration

Product development

Question # 8 of 15 ( Start time: 09:08:33 PM ) Total Marks: 1

All of the following would be considered as weaknesses to a business EXCEPT:

Select correct option:

Maturing markets

Limited industry expertise

**Brand name**

Limited financial resources

Question # 9 of 15 ( Start time: 09:09:28 PM ) Total Marks: 1

According to Porter, which strategy offers products or services to a small range of customers at the lowest price available on the market?

Select correct option:

**Low cost**

Best value

Cost focus

Differentiation

Question # 10 of 15 ( Start time: 09:10:39 PM ) Total Marks: 1

When a merger or acquisition is not desired by both the parties of merger, then it is known as:

Select correct option:

Divestiture  
**Takeover**  
Outsourcing  
Integration

Question # 11 of 15 ( Start time: 09:11:23 PM ) Total Marks: 1

What are the four dimensions of a SPACE matrix?

Select correct option:

Environmental stability; Industrial strength; Competitive advantage; Market growth rate

**Environmental stability; Industrial strength; Competitive advantage; Financial strength**

Industrial strength; Competitive advantage; financial strength; Market share

Environmental stability; Industrial strength; Market growth rate; Market share

Question # 12 of 15 ( Start time: 09:11:56 PM ) Total Marks: 1

Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture

Divestiture

**Liquidation**

Integration

Question # 13 of 15 ( Start time: 09:12:35 PM ) Total Marks: 1

Market segmentation is especially used in implementing strategies by which of the following firms?

Select correct option:

**Small firms**

Medium-size firms

Large firms

All of these firms

Question # 14 of 15 ( Start time: 09:13:04 PM ) Total Marks: 1

When two organizations of about equal size unite to form one enterprise, which of the following takes place?

Select correct option:

Hostile takeover

**Merger**

Liquidation

Divestiture

Question # 15 of 15 ( Start time: 09:13:50 PM ) Total Marks: 1

Which of the following strategy generally entails large research and development expenditures?

Select correct option:

Market penetration

Retrenchment

Forward integration

**Product development**

Question # 1 of 15 ( Start time: 09:23:55 PM ) Total Marks: 1

Which one of the following is NOT a SMART criterion?

Select correct option:

Measurable

**Strategy**

Achievable

Relevant

Question # 2 of 15 ( Start time: 09:25:01 PM ) Total Marks: 1

External forces directly affects all of the following EXCEPT:

Select correct option:

Market segmentation strategies

Types of products/services offered

**Management structure of organization**

Choice of businesses to acquire or sell

Question # 3 of 15 ( Start time: 09:26:06 PM ) Total Marks: 1

Identify the stages of strategic management process in a precise sequence.

Select correct option:

Strategy evaluation, strategy formulation & strategy implementation

Strategy evaluation, strategy implementation & strategy formulation

**Strategy formulation, strategy implementation & strategy evaluation**

Strategy implementation, strategy evaluation & strategy formulation

Question # 5 of 15 ( Start time: 09:27:47 PM ) Total Marks: 1

All of the following are the key opportunities or threats in external environment because of Political, Govt. & ILegal force EXCEPT:

Select correct option:

Tax rates

**Trust in government**

Pak-India relationships

Patent laws

Question # 6 of 15 ( Start time: 09:28:47 PM ) Total Marks: 1

Which of the following is NOT a SPACE Matrix quadrant?

Select correct option:

Aggressive

Defensive

Competitive

**Offensive**

Question # 7 of 15 ( Start time: 09:29:19 PM ) Total Marks: 1

The IE Matrix consists of how many cells?

Select correct option:

Seven

Eight

**Nine**

Ten

Question # 8 of 15 ( Start time: 09:29:53 PM ) Total Marks: 1

Majority of the businesses follow which of the following organizational structure?

Select correct option:

Strategic business unit

**Functional structure**

Divisional structure

Matrix structure

Question # 9 of 15 ( Start time: 09:30:57 PM ) Total Marks: 1

The process of monitoring performance, comparing it with goals, and correcting any significant deviations is known as:

Select correct option:

Planning

Organizing

Leading

**Controlling**

Question # 10 of 15 ( Start time: 09:31:46 PM ) Total Marks: 1

Marketing decisions generally fall into four controllable categories. Which one of the following is NOT one of marketing decisions category?

Select correct option:

Product

**Process**

Distribution

Promotion

Question # 11 of 15 ( Start time: 09:32:22 PM ) Total Marks: 1

Input stage of strategy formulation framework includes developing which of the following set of strategies?

Select correct option:

IFE, EFE and QSPM Matrix

IFE, IE and BCG Matrix

**IFE, CPM and EFE Matrix**

EFE, IE and CPM Matrix

Question # 12 of 15 ( Start time: 09:33:22 PM ) Total Marks: 1

Which of the following is best identified as a statement that presents “a firm's big picture statement, describing a desired end-state, general in scope, and not restrictive”?

Select correct option:

Corporate philosophy statement

Company creed

**Vision statement**

Mission statement

Question # 13 of 15 ( Start time: 09:34:02 PM ) Total Marks: 1

All of the following fall under Pricing decisions EXCEPT:

Select correct option:

Discounts

Credit terms

Markups

**Dealer relations**

Question # 14 of 15 ( Start time: 09:34:32 PM ) Total Marks: 1

According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?

Select correct option:

I

II

III

**IV**

Question # 15 of 15 ( Start time: 09:35:00 PM ) Total Marks: 1

All of the following are functional support roles of Management Information System EXCEPT:

Select correct option:

Recording and storing accounting records

Recording and storing inventory data

Recording and storing business intelligence data

**The enhanced ability to explore "what if"**

Question # 1 of 15 ( Start time: 11:22:48 PM ) Total Marks: 1

In BCG growth-share matrix, which of the following would be most likely to possess a low market share and a high growth rate?

Select correct option:

Dog

**Question mark**

Cash cow

Star

Question # 2 of 15 ( Start time: 11:23:42 PM ) Total Marks: 1

Which one of the following strategies is referred as presenting products, often with a little or no modification, to customers in related marketing areas?

Select correct option:

**Market development**

Market penetration

Horizontal integration

Product development

Question # 3 of 15 ( Start time: 11:24:47 PM ) Total Marks: 1

Which of the following was NOT included in Borden's marketing mix?

Select correct option:

Product planning

Display

**Styling**

Physical handling

Question # 4 of 15 ( Start time: 11:25:58 PM ) Total Marks: 1

Product development involves going in the direction of which one of the following?

Select correct option:

Present products to present markets

Present products to new markets

**New products to present markets**

New products to new markets

Question # 5 of 15 ( Start time: 11:26:28 PM ) Total Marks: 1

Which of the following statements is NOT correct about a mission statement?

Select correct option:

It contains the definition of the company's business

**It is called the picture of a company's future.**

It is a statement containing the company's major goals

It is known as statement of the corporate philosophy

Question # 6 of 15 ( Start time: 11:27:00 PM ) Total Marks: 1

Which of the following directs at developing new products before competitors do at improving product quality or at improving manufacturing processes to reduce costs?

Select correct option:

Marketing

Opportunity analysis

**Research and development**



## Management

Question # 7 of 15 ( Start time: 11:27:57 PM ) Total Marks: 1

The reason to develop QSPM is to evaluate the alternative strategies derived from all of these EXCEPT:

Select correct option:

Grand Strategy Matrix

BCG Matrix

Space Matrix

**CPM Matrix**

Question # 8 of 15 ( Start time: 11:28:11 PM ) Total Marks: 1

Which of these strategies is effective when the number of suppliers is small and the number of competitors is large?

Select correct option:

Conglomerate diversification

Forward integration

**Backward integration**

Horizontal diversification

Question # 9 of 15 ( Start time: 11:28:56 PM ) Total Marks: 1

The process of monitoring performance, comparing it with goals, and correcting any significant deviations is known as:

Select correct option:

Planning

Organizing

Leading

**Controlling**

Question # 10 of 15 ( Start time: 11:29:08 PM ) Total Marks: 1

Defensive strategies include all of the following EXCEPT:

Select correct option:

Retrenchment

**Acquisition**

Divestiture

Liquidation

Question # 11 of 15 ( Start time: 11:29:34 PM ) Total Marks: 1

In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

SO Strategy  
**WO Strategy**  
SW Strategy  
ST Strategy

Question # 12 of 15 ( Start time: 11:30:10 PM ) Total Marks: 1

Identify the term that is known as a “mean of providing guidance to actions and procedures, including how resources are to be allocated and how tasks assigned to the organization might be accomplished”.

Select correct option:

Aspirations  
Objectives  
**Policies**  
Goals

Question # 13 of 15 ( Start time: 11:31:19 PM ) Total Marks: 1

Which one of the following is NOT a SMART criterion?

Select correct option:

Measurable  
**Strategy**  
Achievable  
Relevant

Question # 14 of 15 ( Start time: 11:31:29 PM ) Total Marks: 1

Which of the following is the last step in the development of QSPM?

Select correct option:

Developing a list of the firm’s key external and internal factors  
Determining the Attractiveness Scores for each strategy  
**Compute the Sum Total Attractiveness Score**  
Assigning weights to each key external and internal factor

Question # 15 of 15 ( Start time: 11:32:45 PM ) Total Marks: 1

Which of the following categories of ratios includes return on total assets and return on stockholders’ equity as its types?

Select correct option:

**Profitability**  
Leverage  
Growth  
Liquidity

Question # 1 of 15 ( Start time: 11:46:29 PM ) Total Marks: 1

In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

SO Strategy  
**WO Strategy**  
SW Strategy  
ST Strategy

Question # 2 of 15 ( Start time: 11:46:50 PM ) Total Marks: 1

Which of the following refers to Kanban?

Select correct option:

Manufacturing system  
Production unit  
**Signals**  
Process

Question # 3 of 15 ( Start time: 11:47:40 PM ) Total Marks: 1

Buyers can exercise high bargaining power over their suppliers under which one of the following conditions?

Select correct option:

When there are many good substitutes of raw material

**There are few buyers in the market**

They have few suppliers to choose from

There is a high concentration of suppliers

Question # 4 of 15 ( Start time: 11:49:04 PM ) Total Marks: 1

Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture  
Divestiture  
**Liquidation**  
Integration

Question # 5 of 15 ( Start time: 11:49:36 PM ) Total Marks: 1

The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

Select correct option:

Financial budget  
Relative importance of departments  
**On political or personal factors**  
Relative cost of each resources

Question # 6 of 15 ( Start time: 11:50:18 PM ) Total Marks: 1

Where an organization is considering development in an existing market with

existing products it is pursuing which of the following strategy?  
Select correct option:

- Diversification
- Market development
- Market penetration**
- Product development

Question # 7 of 15 ( Start time: 11:50:49 PM ) Total Marks: 1  
Non-financial benefits of strategic management includes all of the following EXCEPT:  
Select correct option:

- Better awareness of external threats
- Enhanced awareness of threats
- Reduced resistance to change
- Increase in sales**

Question # 8 of 15 ( Start time: 11:51:29 PM ) Total Marks: 1  
Which of the following are two positive-rated dimensions on SPACE Matrix?  
Select correct option:

- FS and CA
- CA and ES
- FS and IS**
- IS and ES

Question # 9 of 15 ( Start time: 11:52:06 PM ) Total Marks: 1  
Marketing decisions generally fall into four controllable categories. Which one of the following is NOT one of marketing decisions category?  
Select correct option:

- Product
- Process**
- Distribution
- Promotion

Question # 10 of 15 ( Start time: 11:52:22 PM ) Total Marks: 1  
A firm that is involved in two or more distinct businesses is known as:  
Select correct option:

- A diversified company**
- A ventured company
- A restructured company
- A multinational corporation

Question # 11 of 15 ( Start time: 11:53:37 PM ) Total Marks: 1  
Which one of the following is the organizational structure that most of the

medium-size organizations follow?  
Select correct option:

**Divisional structure**

Strategic business unit

Functional structure

Matrix structure

Question # 12 of 15 ( Start time: 11:53:53 PM ) Total Marks: 1

The total weighted score of IFE matrix developed for XYZ corporation is 3.5.

Which of the following statement is TRUE about XYZ Corporation in the light of IFE matrix total weighted score?

Select correct option:

Corporation has strong external position

Corporation has weak internal position

**Corporation has strong internal position**

Corporation has weak external position

Question # 13 of 15 ( Start time: 11:55:13 PM ) Total Marks: 1

Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?

Select correct option:

Economic forces

Social, cultural and, demographic forces

**Political, governmental, and legal forces**

Competitive forces

Question # 14 of 15 ( Start time: 11:55:58 PM ) Total Marks: 1

BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?

Select correct option:

Market share and industry strength

**Market share and market growth rate**

Market growth rate and competitive position

Market growth rate and environment stability

Question # 15 of 15 ( Start time: 11:57:20 PM ) Total Marks: 1

Ethnic balance is affected due to which of the following?

Select correct option:

Change in ethnic values

Awareness of ethnic norms

**Migration of the people towards different areas**

Introduction of new laws relating to ethnicity

**Question No: 1**

**Which of the following is NOT included in the strategic management model?**

- ▶ Measure and evaluate performance
- ▶ Establish long-term objectives
- ▶ Develop mission and vision statements
- ▶ **Perform internal research to identify customers**

**Question No: 2**

**A mission statement should “reconcile interests among diverse stakeholders”. What does it mean?**

- ▶ **All shareholders must be satisfied**
- ▶ Shareholders should be given preference over customers
- ▶ Firm will devote attention to meeting claims of various stakeholders
- ▶ Firm will devote its attention towards the maximization of shareholders value

**Question No: 3**

**Which of the following are signs of strength in a company's competitive position?**

- ▶ A debt-to-asset ratio below 0.50 and a positive net cash flow
- ▶ A website with extensive information about the company and its product line
- ▶ R&D and advertising expenditures greater than \$10 million annually
- ▶ **A strongly differentiated product and a strong or rising market share (NOT SURE)**

**Question No: 4**

**Which of the following is the first step in the controlling function of management?**

- ▶ Take corrective actions
- ▶ Restrict breaks employees take
- ▶ Evaluate expense reports
- ▶ **Establish performance standards**

**Question No: 5**

**Which of the following allows an organization to test alternative marketing plans and to forecast future sales of new products?**

- ▶ Marketing
- ▶ Advertisement
- ▶ **Test marketing**
- ▶ Customer analysis

**Question No: 6**

**The steps required to perform cost/benefit analysis include all BUT:**

- ▶ Comparing the total costs with the total benefits
- ▶ Figure out the total costs associated with a decision
- ▶ Approximation of the total benefits from the decision
- ▶ **Adding the total cost and total benefit**

**Question No: 7**

**In strategy formulation phase, what can be the problem when only financial ratios are used to measure organizational performance?**

- ▶ **They need to be compared with competitors**
- ▶ They are only understandable by accountants
- ▶ There are many different measures available
- ▶ The measures are usually inconsistent

**Question No: 8**

**The IFE matrix summarizes and evaluates which factors in the functional areas of a business?**

- ▶ Opportunities and threats
- ▶ **Strengths and weaknesses**
- ▶ Strengths and threats
- ▶ Opportunities and weaknesses

**Question No: 9**

**The Web sites that sell products directly to the consumers are the examples of which type of strategy?**

- ▶ Backward integration
- ▶ **Product development** (NOT SURE)
- ▶ Forward integration
- ▶ Horizontal integration

**Question No: 10**

**Which of the followings best describes the Horizontal Integration?**

- ▶ A firm takes over a supplier
- ▶ A firm takes over a distributor
- ▶ **A firm takes over a competitor**
- ▶ A firm takes over a manufacturer

**Question No: 11**

**Which of the following is a drawback or limitation of Horizontal Integration?**

- ▶ Synergies may be more imaginary than real
- ▶ It can increase suppliers' and buyers' bargaining power
- ▶ **Economies of scale are likely to be decreased** (NOT SURE)
- ▶ Both the first & third options are correct

**Question No: 12**

**Competitive advantage based on differentiation derives from:**

- ▶ **Being the lowest cost producer in the industry and offering the lowest priced products**
- ▶ Having processes and systems which are different from competitors
- ▶ Offering products which offer different benefits from competitors' and are valued by buyers
- ▶ Having the broadest range of different goods and services in the industry

**Question No: 13**

**All of the following situations are conducive to market development EXCEPT:**

- ▶ **When new channels of distribution are expensive**
- ▶ When new untapped or unsaturated markets exist
- ▶ When an organization has excess production capacity
- ▶ When an organization's basic industry is becoming rapidly global

**Question No: 14**

**Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?**

- ▶ **Liquidation**
- ▶ Integration
- ▶ Differentiation
- ▶ Diversification

**Question No: 15**

**ABC firm has high production cost in Pakistan due to expensive raw material. The firm is formulating the strategy of capturing the European market as prices of raw material used in ABC firm's products is relatively low in European market and demand is also there for the firm's products. Which of the following strategy the firm is going to use?**

- ▶ **WO**
- ▶ SW
- ▶ ST
- ▶ WT

**Question No: 16**

**What of the following strategy would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-5, -2)?**

- ▶ Market penetration
- ▶ Market development
- ▶ Backward integration
- ▶ **Retrenchment**

**Question No: 17**

**ABC company is competing in an industry where the growth rate of that industry from year to year has reached zero or is close to zero, ABC is operating in which industry?**

- ▶ Growing industry
- ▶ Emerging industry
- ▶ Mature industry
- ▶ **Declining industry**

**Question No: 18**

**IE matrix is based on which dimensions?**

- ▶ Market share and industry growth
- ▶ Financial strength and industry strength
- ▶ **Weighed scores of IFE and EFE matrices**
- ▶ Market growth and competitive position



**Question No: 19**

**How can the divisions that fall in hold and maintain region of IE matrix be best managed?**

- ▶ **Market penetration and product development** (NOT SURE)
- ▶ Forward integration and backward integration
- ▶ Horizontal diversification and joint venture
- ▶ Mergers and acquisitions

**Question No: 20**

**In Grand strategy matrix what will be the appropriate quadrant for the Ahmad textiles if it is operating in and holds weak competitive position?**

- ▶ Quadrant I
- ▶ Quadrant II
- ▶ **Quadrant III**
- ▶ Quadrant IV

**Question No: 21**

**Which of the following is TRUE about weights assigned in QSPM?**

- ▶ This refers to preference assigned to the internal and external factors
- ▶ **This refers to relative importance of the internal and external factors**
- ▶ This refers to the insignificance of the internal and external factors
- ▶ This refers to the relative size of the internal and external factors

**Question No: 22**

**Numerical values that indicate the relative attractiveness of each strategy in a given set of alternative strategies is referred as:**

- ▶ **Total attractiveness score**
- ▶ Attractiveness score
- ▶ Weighted score
- ▶ Total weighted score

**Question No: 23**

**What can be the limitation of QSPM?**

- ▶ Only a few strategies can be evaluated simultaneously
- ▶ The cost of doing the analysis is very high
- ▶ **Intuitive judgments and educated assumption are required**
- ▶ It requires equal participation of everyone in organization

**Question No: 24**

**Which of the following is a deliberate plan of action, guidelines, methods, procedures to guide decisions and achieve rational outcome?**

- ▶ **Annual objectives**
- ▶ Strategies
- ▶ Policies
- ▶ Goals

**Question No: 25**

**Why do changes in company strategy often require changes in the way an organization is structured?**

- ▶ **Because structure depicts how goals will be established**
- ▶ Because structure dictates how authorities will be delegated
- ▶ Because structure dictates how resources will be obtained
- ▶ Because structure dictates how financial resources are spent

**Question No: 26**

**Which organizational structure is the most simple and economical?**

- ▶ Strategic business unit
- ▶ **Functional structure**
- ▶ Divisional structure
- ▶ Matrix structure

**Question No: 27**

**A divisional structure by geographic area is most appropriate in which of the following situation?**

- ▶ **Organizations have similar branch facilities in dispersed areas**
- ▶ Organization offers a limited number of products or services
- ▶ Organization needs strict control over product lines
- ▶ Organization has to serve a large geographic area

**Question No: 28**

**Which of the following is best identified as being an adaptation of the divisional structure?**

- ▶ Vertical Integration
- ▶ Strategic business units
- ▶ Joint venture
- ▶ **None of the given options** (NOT SURE)

**Question No: 29**

**All of the following fall under the category of restructuring EXCEPT:**

- ▶ Reducing number of employees
- ▶ **Reducing number of shareholders**
- ▶ Reducing number of divisions
- ▶ Reducing number of hierarchical levels

**Question No: 30**

**Which one of the following is Educative change strategy?**

- ▶ Giving orders to subordinates and enforcing those orders
- ▶ Changing the strategy of educational institutions
- ▶ Presenting information to convince people of the need for change
- ▶ **Attempting to convince individuals that the change is for their interest**

**Question No: 31**

**Under Just in Time (JIT) approach, when the new stock is ordered?**

- ▶ When stock comes to an end
- ▶ **When stock reaches the re-order level**

- ▶ On 1<sup>st</sup> of each month
- ▶ At the start of the year

**Question No: 32**

Which one of the following variables is not directly affected by market segmentation?

- ▶ Product
- ▶ Place
- ▶ Process
- ▶ Price

**Question No: 33**

Which one of the following is an example of product decisions?

- ▶ **Brand name**
- ▶ Volume discounts
- ▶ Distribution channels
- ▶ Order processing

**Question No: 34**

In the low earnings period, which one of the following can endanger stockholders' return and can put in danger the company survival?

- ▶ **Too much debt in the capital structure**
- ▶ Too much liquid assets in the capital structure
- ▶ Too much equity in the capital structure
- ▶ Too much tax in the capital structure

**Question No: 35**

Which element in the projected income statement cannot be forecasted using the percentage-of-sales method?

- ▶ Cost of goods sold
- ▶ Interest expense
- ▶ Selling expense
- ▶ **Administrative expense** (NOT SURE)

**Question No: 36**

Which of these is the most common type of budgeting time frame?

- ▶ Daily
- ▶ Monthly
- ▶ Quarterly
- ▶ **Annually** (NOT SURE)

**Question No: 37**

Which of the following is NOT accepted for determining a business worth?

- ▶ Firm's holdings
- ▶ Firm's earnings
- ▶ **Firm's return on investment**
- ▶ Firm's bringing in to the market

**Question No: 38**

**If technology is changing rapidly and the market is growing slowly then what decision the firm should take regarding R & D?**

- ▶ In-house R&D should be established
- ▶ Acquisition of a well-established firm in the industry
- ▶ **R&D investment is risky, so don't take any action**
- ▶ Obtain R&D expertise on a nonexclusive basis

**(R&D is called Research and Development)**

**Question No: 39**

**Which of the following is NOT one of the major approaches to R&D?**

- ▶ To be an innovative imitator of successful products
- ▶ To be a low-cost producer by mass-producing products
- ▶ **To be a differentiated products manufacturer in industry**
- ▶ To be the first firm to market new technological products

**Question No: 40**

**What is the appropriate time frame for strategy-evaluation activities?**

- ▶ At the beginning of a problem
- ▶ **On a continuous basis**
- ▶ Upon completion of major projects
- ▶ After the closing of financial year

**Question No: 41**

**XYZ Company has controlled its distributors so that no other firm can access the scarce natural resources available in the country, which are used in XYZ's production. This action is taken in order to reduce which of the following:**

- ▶ The bargaining power of customers
- ▶ **The bargaining power of suppliers** (NOT SURE)
- ▶ The threat of new entrants
- ▶ The threat of substitute products

**Question No: 42**

**Which one of the following statements best describes the activity 'marketing and sales' of Porter's supply chain model?**

- ▶ Machining, packaging, assembly, equipment maintenance & testing
- ▶ **Activities linked with getting buyers to purchase the product**
- ▶ Activities that maintain and enhance the product's value
- ▶ Receiving, storing, inventory control & transportation planning

**Question No: 43**

**Outbound logistics includes which one of the following?**

- ▶ Receiving, storing, inventory control, transportation planning
- ▶ Machining, packaging, assembly, equipment maintenance, testing
- ▶ **Activities required to get the finished product at the customers**
- ▶ Activities that maintain and enhance the product's value

**Question No: 44**

Which of the following statement is TRUE about Inbound Logistics?

- ▶ **It includes receiving, storing, inventory control & transportation planning**
- ▶ It includes machining, packaging, assembly, equipment maintenance & testing
- ▶ It includes activities required to deliver the finished product to the customers' end
- ▶ It includes the activities that maintain and enhance the product's value

**Question No: 45**

All of the following are support activities of Porter's supply chain model EXCEPT:

- ▶ Firm Infrastructure
- ▶ **Marketing and Sales**
- ▶ Technology Development
- ▶ Procurement

**Question No: 46**

To make changes in the organization's management, marketing, finance/accounting and R&D, which one of the following should be focused?

- ▶ Revised mission
- ▶ **Revised IFE matrix**
- ▶ Revised EFE matrix
- ▶ Revised EPM matrix

**Question No: 47**

A revised IFE Matrix should focus on which one of the following?

- ▶ Changes in the organization's management, marketing R & D, computer information system and external environment.
- ▶ Marketing, finance/accounting, production/operations, R&D and computer information systems strengths and weaknesses.
- ▶ **Effectiveness of a firm's strategies in response to key opportunities and threats.**
- ▶ Effectiveness of an organization's strategy in pursuing the competitive goals and managerial actions.

**Question No: 48**

Which of the following statement is TRUE about most of the quantitative criteria of evaluating strategies?

- ▶ These are geared to annual objective
- ▶ These are geared to short-term objective
- ▶ **These are geared to long-term objective**
- ▶ These are geared to social objectives

**Question No: 49**

Which one of the following is NOT correct about financial ratios?

- ▶ These are used to compare the firm's performance over different time periods
- ▶ These are used to compare the firm's performance relevant to its competitors'
- ▶ These are used to compare the firm's performance in relation to industry averages

► These are used to compare the firm's performance in relation to future trends

**Question No: 50**

A good evaluation system must possess various qualities. Which of the following is not a characteristic of a good strategy evaluation system?

- Strategy-evaluation activities must be economical
- Strategy-evaluation activities should be meaningful
- **Strategy-evaluation activities should dominate the decisions**
- Strategy-evaluation activities should provide timely information

**Question No: 51**

Which of the following enables the firm to create superior value for its customers and superior profits for itself in comparison to its rival firms?

- Competitive advantage
- Comparative advantage
- **Differential advantage**
- Suitable advantage

**Question No: 52**

Adapting to change confronts an organization's strategic management to which of the following issue(s):

- What kind of business we should be in?
- Are we in the right field?
- Should we reshape our business?
- **All of the given options**

**Question No: 53**

Which of the following environment includes all those factors which affect the organization and is itself affected by the organization?

- **Task environment**
- Social environment
- External environment
- Internal environment

**Question No: 54**

Non-financial benefits of strategic management include all of the following **EXCEPT**:

- Enhanced awareness of threats
- Reduced resistance to change
- **Increase in sales**
- Better awareness of external threats

**Question No: 55**

Which cell of the TOWS Matrix involves matching internal strengths with external opportunities?

- The WT cell
- **The SO cell**
- The SW cell

- ▶ The ST cell

**Question No: 56**

**In the Boston Consulting Group (BCG) growth-share matrix, which strategy in the matrix describes large generation of cash and heavy investment needed to grow and maintain competitive positioning but net cash flow is usually modest?**

- ▶ Stars
- ▶ Dogs
- ▶ Cash cows
- ▶ **Question marks** (NOT SURE)

**Question No: 57**

**Which of the following best describes “Strategy Implementation”?**

- ▶ It refers to positioning forces before the action
- ▶ It focuses on effectiveness
- ▶ **It requires coordination among many individuals**
- ▶ It requires coordination among few individuals

**Question No: 58**

**Which of the following is NOT a rule of thumb when using product positioning as a strategy-implementation tool?**

- ▶ “Don’t squat between segments”
- ▶ “Look for the hole or vacant niche”
- ▶ “Try to serve more than one segment with the same strategy”
- ▶ **“Don’t position yourself in the middle of the map”**

**Question No: 59**

**There are numerous external and internal factors that can prohibit firms from achieving long-term and annual objectives. Which of the following is NOT an external factor?**

- ▶ Actions by competitors
- ▶ Changes in technology
- ▶ Changes in demand
- ▶ **Ineffective strategies**

**Question No: 60**

**According to “Linneman and Chandran”, which of the following permits quick response to change, prevents panic in crisis situations and makes managers more adaptable?**

- ▶ Forecasting
- ▶ **Contingency planning**
- ▶ Taking corrective actions
- ▶ Environmental scanning

## **Quiz**

1. What can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives?

- Strategy formulation
- Strategy evaluation
- Strategy implementation
- **Strategic management**
- Strategic leading

2. Which of the following is not a cultural product?

- Rites
- **Emotions**
- Rituals
- Sagas
- Symbols

3. Which individuals are most responsible for the success and failure of an organization?

- **Strategists**
- Financial planners
- Personnel directors
- Stakeholders
- Human resource managers

4. Which sector of the economy would be most impacted by technological developments?

- forestry
- **pharmaceuticals**
- textiles
- metals
- paper

5. Long-term objectives should be all of the following except:

- measurable.
- **continually changing.**
- reasonable.
- challenging.
- consistent.

6. What are guides to decision making?

- laws



- rules
- **policies**
- procedures
- goals

7. According to Greenley, strategic management offers all of these benefits *except* that

- it provides an objective view of management problems.
- it creates a framework for internal communication among personnel.
- it encourages a favorable attitude toward change.
- **it maximizes the effects of adverse conditions and changes.**
- it gives a degree of discipline and formality to the management of a business.

8. The vision and mission statement can often be found

- in the SEC report.
- **in annual reports.**
- on customer receipts.
- on supplier invoices.
- on community news bulletins

9. Which group would be classified as a stakeholder?

- Communities
- Banks
- Suppliers
- Employees
- **All of these**

10. The process of performing an external audit needs to include:

- only top level managers, as it's a planning function.
- **as many managers and employees as possible.**
- primarily front-line supervisors
- between 15 to 20 managers for it to be valid
- stockholders and external government agencies

## Quiz

Choose the correct option

1. All of the following are cooperative arrangements *except*:

- R&D partnerships.

- Joint-bidding consortia.
- Cross-licensing agreements.
- Cross-manufacturing agreements.
- **Marketing plans.**

2. Strategy analysis and choice largely involves making \_\_\_\_\_ decisions based on \_\_\_\_\_ information.

- Long-term; Short-term
- **Subjective; Objective**
- Short-term; Long-term
- Subjective; Short-term
- Objective; Subjective

3. Which stage of the strategy formulation framework contains the Internal-Factor Evaluation Matrix?

- **Input stage**
- Analysis stage
- Matching stage
- Decision stage
- Output stage

4. Which strategies aim at improving internal weaknesses by taking advantage of external opportunities?

- SO
- **WO**
- SW
- ST
- WT

5. How many cells are in a SWOT Matrix?

- Two
- Four
- Six
- Eight
- **Nine**

6. What are two external dimensions of the SPACE Matrix?

➤ **Environmental stability and industry strength**

- Environmental stability and competitive advantage
- Industry strength and competitive advantage
- Competitive advantage and financial strength
- Financial strength and industry strength

7. In the SPACE analysis, what does a (+6, +3) strategy profile portray?

➤ **A strong industry**

- An unstable environment
- A stable environment
- A weak industry
- A weak financial position

8. Selling all of a company's assets in parts for their tangible worth is called

- Joint venture.
- Divestiture.
- Concentric diversification.
- **Liquidation.**
- Unrelated integration.

9. Which stage of the strategy-formulation framework involves the Quantitative Strategic Planning Matrix?

- Stage 1
- Stage 2
- **Stage 3**
- Stage 4
- Stage 5

10. Which strategy should be implemented when a division is responsible for an organization's

overall poor performance?

- Backward integration
- **Divestiture**
- Forward integration
- Cost leadership
- Related diversification

## QUIZ

Choose the correct option.

1. What analytical tool has four quadrants based on two dimensions: competitive position and market growth?
  - Competitive Profile Matrix
  - Internal-External Matrix
  - SPACE Matrix
  - **Grand Strategy Matrix**
  - QSPM.
  
2. For companies located in Quadrant III of the Grand Strategy Matrix, the first strategy recommended is
  - **Extensive cost and asset reduction.**
  - Asset expansion.
  - Employee expansion.
  - Immediate liquidation of assets.
  - Divestiture.
  
3. Which of these is a limitation of QSPM?
  - Only a few strategies can be evaluated simultaneously.
  - The cost of doing the analysis
  - **Intuitive judgments and educated guesses are required.**
  - Sets of strategies must be examined in reverse order.
  - It requires equal participation from everyone.
  
4. Which of the following is not true about objectives?
  - They should be communicated throughout the organization.
  - They should have an appropriate time dimension.
  - **They should incorporate policies.**
  - They should be measurable.
  - They should be consistent.

5. \_\_\_\_\_ is not a major factor that commonly prohibits effective resource allocation.

➤ **Under protection of resources**

- Organizational politics
- Vague strategy targets
- Reluctance to take risks
- Lack of sufficient knowledge

6. Restructuring is also referred to as

- Starting over.
- **Delaying.**
- Diversifying.
- Job security.
- Integrating.

7. The primary benefit sought from restructuring is

- Employee involvement.
- **Cost reduction.**
- Increased morale.
- Increased number of hierarchical levels in the organization.
- Increased innovation.

8. What pay strategy requires employees or departments to establish performance targets, such as

“if actual results exceed objectives then all members get bonuses.”

- Profit sharing
- Bonus system
- Salary
- **Gain sharing**
- Hourly wage system

9. Although Quadrant \_\_\_\_\_ companies are growing, according to the Grand Strategy Matrix,

they are unable to compete effectively, and they need to determine why the firm's current

approach is ineffective and how the company can best change to improve its

competitiveness.

- I
- **II**
- III
- IV
- V

10. The top row of a QSPM consists of alternative strategies derived from all of these *except*:

- Grand Strategy Matrix.
- BCG Matrix.
- Space Matrix.
- **CPM Matrix.**
- IE Matrix

## QUIZ

1. The final stage in strategic management is strategy implementation.

True  
**False**

2. Anything the firm does especially well compare to rival firms could be considered a competitive advantage.

**True**  
False

3. In a multidivisional firm, objectives should be established for the overall company and not for each division.

True  
**False**

4. Nonprofit organizations have less need for strategic management because they are not interested in making a profit.

True

**False**

5. The first step for using Porter's Five-Force Model is to evaluate the relative strength of each competitive force.

True

**False**

6. Bargaining power of consumers is usually the most powerful of Porter's five competitive forces.

True

**False**

7. Significant barriers to entry are not always sufficient to keep some new firms from entering industries with higher-quality products, lower prices and substantial marketing resources.

**True**

False

8. In an EFE Matrix, opportunities often receive higher weights than threats, but threats too can receive high weights if they are especially severe or threatening.

**True**

False

9. The process of performing an internal audit, compared to the external audit, provides more opportunity for participants to understand how their jobs, departments and divisions fit into the whole organization.

**True**

False

10. Planning should be performed mostly by middle management and then presented to top management for analysis and approval.

True

**False**

11. All of these are pitfalls an organization should avoid in strategic planning *except*:

➤ **Using plans as a standard for measuring performance.**

➤ Using strategic planning to gain control over decisions and resources.

➤ Failing to involve key employees in all phases of planning.

➤ Too hastily moving from mission development to strategy formulation.

12. Which of the following statements is false?

➤ Open-mindedness is an important guideline for effective strategic management.

➤ **Strategic management must become a self-perpetuating socialist mechanism.**

- No organization has unlimited resources.
- Strategic decisions require trade-offs.

**13. Which of these business actions is (are) always considered to be unethical?**

- poor product or service safety
- using nonunion labor in a union shop
- dumping flawed products in a foreign market
- **all of the above**

**14. \_\_\_\_\_ are organizations that conduct business operations across national borders.**

- Domestic firms
- **Multinational corporations**
- Parent companies
- Government-backed companies

**15. What category of ratios includes return on total assets and return on stockholders' equity?**

- leverage
- activity
- **profitability**
- growth

**16. Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?**

- Does the firm have an effective sales organization?
- Are markets segmented effectively?
- Are the firm's products and services priced appropriately?
- **Does the firm have good liquidity?**

**17. What marketing function includes test marketing?**

- selling products/services
- pricing
- customer analysis
- **product/service planning**

**18. \_\_\_\_\_ is not considered to be a function of marketing.**

- **Market segmentation**
- Marketing research
- Customer analysis
- Opportunity analysis



**19. Opportunity analysis is one of the basic functions of :**

- **Marketing.**
- Management.
- Computer information systems.
- Production/operations.

**20. What are historical narratives describing the unique accomplishments of a group and its leaders, usually in heroic terms.**

- rites
- **sagas**
- stories
- myths

## **QUIZ**

**1. Which of the following is not a stage of strategy formulation techniques?**

- Formulation Framework
- Matching stage
- **External factor evaluation**
- Decision stage

**2. ST Strategies is an important strategy to**

- Match weakness with opportunities of the firm
- **Overcome external threats**
- Obtain benefit from its resources
- Overcome its weakness and reducing threats

**3. Strategic Position and Action Evaluation Matrix is used in**

- Formulation Framework
- **Matching stage**
- External factor evaluation
- Decision stage

**4. Cash cows are always in**

- Introductory industry
- Growing industry
- **Mature industry**
- Declining industry

**5. In BCG matrix, the reason for choosing relative market share, rather than just profits, is that**

- It carries more information than just cash flow
- It shows where the brand is positioned against its main competitors
- It indicates where it might be likely to go in the future
- **All of the mentioned options**

6. Those firms must make some drastic changes quickly to avoid further demise and possible liquidation that fall in\_\_\_\_\_ of grand strategy matrix
- Qurdant-1
  - Qurdant-2
  - **Qurdant-3**
  - Qurdant-4
7. Strategy-formulation concepts and tools
- **Do not differ greatly for different size and type of organizations**
  - Differ greatly for different size and type of organizations
  - Do not differ greatly for profit or nonprofit organizations but differ in small and large organizations
  - None of the mentioned options
8. Annual objectives
- Are not critical to success
  - **Serve as guidelines for action, directing and channeling efforts and activities of organization members**
  - Are not important for employee motivation and identification
  - Do not provide a basis for organizational design
9. Annual objectives
- Need not to be consistent
  - Should be easily achievable
  - **Should be measurable**
  - Should be confidential and not to be communicated throughout the organization
10. Which of the following resources is used by all organizations to achieve desired objectives?
- Financial resources,
  - Physical resources,
  - Human resources
  - **All of the mentioned options**
11. Matching Stage consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix.
- True
- False**
12. Strengths are external conditions that are helpful to the achievement of the objective.
- True
- False**
13. All nine techniques included in the strategy-formulation framework require integration of intuition and analysis.
- True**
- False
14. Many businesses fall right in the middle of the Grand strategy matrix and thus are not easily classified
- True
- False**

15. Only a diversified company with a balanced portfolio can use its strengths to truly capitalize on its growth opportunities.  
**True**  
False
16. Viewing every business as a star, cash cow, dog, or question mark is overly complicated.  
True  
**False**
17. Many companies repeatedly fail to truly motivate their people to work with enthusiasm  
**True**  
False
18. Strategy implementation varies substantially among different types and sizes of organizations.  
**True**  
False
19. Annual objectives, stated in terms of profitability, growth, and market share by business segment, geographic area, customer groups, and product are not common in organizations.  
True  
**False**
20. Resource allocation is a major management activity that allows for strategy execution  
**True**  
False

## QUIZ

Fill in the blanks with suitable words:

1. Strategy implementation is often called the \_\_\_\_\_ of the strategic management. **(Action stage)**
2. Based on past experiences of judgment and feelings, most people recognize that \_\_\_\_\_ is essential to making good strategic decisions. **(Intuition)**
3. The process of conducting research, gathering and assimilating external information is sometime called \_\_\_\_\_ or \_\_\_\_\_. **(Environmental scanning or industry analysis)**
4. \_\_\_\_\_ refers to the extent that participants, responsibilities, authorities, duties, and approaches are specified. **(Formality)**

5. \_\_\_\_\_ is the act of strengthening employees sense of effectiveness by encouraging and rewarding them to participate in decision making and to exercise initiative and imaginations.  
**(Empowerment)**

**Pick the best choice from the sentences given below:**

Strategic management is

- A pure science.
- Based mainly on intuition.
- Needed mainly when organizational performance falls.
- **Based on the use of quantitative and qualitative information.**

Business week reports that firms using mission statements have a \_\_\_\_\_ return on certain financial measures than those without such statements.

- **30%**
- 35%
- 40%
- 45%

What is the best time to develop a mission statement?

- Before a business is opened
- **When the firm is successful**
- When the firm is in financial trouble
- When the firm is in legal trouble

Which of these basic questions should a vision statement answer?

- What is our business?
- Who are our employees?
- Why do we exist?
- **What do we want to become?**

\_\_\_\_\_ is not part of an external audit.

- Analyzing competitors
- **Analyzing financial ratios**

- Analyzing available technologies
- Studying the political environment

## QUIZ

Tick the appropriate answer:

1). Strategic management process activate in the sequence of \_\_\_\_\_

- Environmental scanning, Strategy formulation, Implementation, control and evaluation
- Strategy formulation, Environmental scanning, Implementation, control and evaluation
- Environmental scanning, Strategy Implementation, formulation, control and evaluation
- Strategy formulation, Implementation, control, evaluation, Environmental scanning

2). KAPKAL Power's interested to achieve a 10 percent return on equity (ROE) in their core electric utility, 14 percent ROE on water resource operations, and 15 percent ROE on support businesses. It is \_\_\_\_\_

- Mission
- Strategy
- Objective
- Policy

3). "A possible and desirable future state of an organization" is called:

- Mission
- Vision
- Strategy implementation
- None of above

4). “Walls” ice cream purchase “Polka” in order to capture the market. Such kind of integration is called:

- Forward Integration
- Backward Integration
- Horizontal Integration
- Product Development

5). “To improve economic strength of society and function as a good corporate citizen on a local, state, and national basis in all countries in which we do business”. This is a mission statement that contains:

- Self-concept
- Economic concern
- Products or Services
- Concern for Public Image

6). Strategic-management audit is known as:

- Environmental scanning
- Strategy formulation
- Strategy control
- Strategy evaluation

7). Forecasting tools can be broadly categorized into two groups. Those are:

- Qualitative, Operational
- Quantitative, Operational
- Qualitative, Quantitative
- Regression and time series analysis

8). \_\_\_\_\_ identifies a firm's major competitors and their particular strengths and weaknesses in relation to a sample firm's strategic position.

➤ **Competitive Profile Matrix**

- External Factor Evaluation matrix
- Internal Factor Evaluation Matrix
- Boston consulting group matrix

9). Organizing means an identifiable group of people contributing their efforts towards the attainment of same goal. It is important at the time of:

- Environmental scanning
- Strategy formulation
- **Strategy Implementation**
- Strategy evaluation

10). \_\_\_\_\_ involves assessing the costs, benefits, and risks associated with marketing decisions.

- Customer analysis
- **Opportunity analysis**
- Marketing Research
- Product and Service Planning

## QUIZ

1). Competitive profile matrix include in \_\_\_\_\_ of Strategy-Formulation Framework.

- **Stage-1**
- Stage-2
- Stage-3
- Stage-4

2). The matching stage of the strategy-formulation framework consists of \_\_\_\_\_ techniques.

- Two
- Three
- Four
- **Five**

3). Decision stage of Strategy-Formulation Framework includes a matrix\_\_\_\_\_.

- BCG Matrix
- IE Matrix
- SPAC E matrix
- **None of given option**

4). A strong financial position utilizes to improve the working condition of the firm; such strategy is called \_\_\_\_\_.

- SO Strategy
- **SW Strategy**
- TW Strategy
- None of given option

5). *WO Strategies* aim at improving internal \_\_\_\_\_ by taking advantage of external \_\_\_\_\_

- **Weakness; Opportunities**
- Weakness; Operations
- Wealth; Opportunities
- None of given option

6). "SPACE" matrix stands for:

- **Strategic Position and Action Evaluation**
- Strategic Partner and Action Evaluation
- Strategic Phase and Action Evaluation
- Strategic Position and Academic Evaluation

7). In Space Matrix internal strategic position divided into:

- **Financial strength; Competitive advantages**
- Financial strength; Environmental stability
- Environmental Stability; Industry Strength
- Competitive advantages; Industry Strength



8). "Capital intensity" with the reference of SPACE matrix is:

- Financial Strength (FS)
- Environmental Stability (ES)
- **Industry Strength (IS)**
- Competitive Advantage (CA)

9). Space Matrix contains four quadrants framework, the upper left quadrant contain \_\_\_\_\_ strategy.

- Aggressive
- **Conservative**
- Defensive
- Competitive

10) By using the given table what will be the correct average score of industrial strength in "SPACE" matrix?

Industry Strength (IS)	Rating
Demand and supply factors	5
Profit potential	3
Large amount of capital	2
Consistently increasing revenue	4
Resource utilization	3

- $(3+2+4) / 3$
- **$(5+3+3) / 3$**
- $(5+3+2+4) / 4$
- $(5+4) / 2$

## QUIZ

Choose the correct option.

1. Hold and maintain region in IE matrix include \_\_\_\_\_ cells

➤ **III, V, or VII**

➤ V, or VII

➤ II, V, or VII

➤ I, II, or IV

2. Grand strategy matrix all organization divides into \_\_\_\_\_ quadrants

➤ Two

➤ Three

➤ **Four**

➤ Five

3. Qurdant-2 in Grand strategy matrix contains that company's having :

➤ Strong competitive situation and rapid market growth

➤ Weak competitive situation and slow market growth

➤ Strong competitive situation and slow market growth.

➤ **Weak competitive situation and rapid market growth.**

4. Assign weights to each key external and internal factor in QSPM which always equal to \_\_\_\_\_.

➤ Hundred

➤ **One**

➤ Ten

➤ None of given option

5. Most companies have strategies, but according to recent studies, between **70%** and **90%** of organizations that have formulated strategies fail to execute them.

➤ **70% and 90%**

➤ 50% and 90%

➤ 30% and 50%

➤ 60% and 69%

### *Fill in the blanks*

1. The Internal-External (IE) Matrix consists of **nine** cells.
2. On the  $x$ -axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered **average**; and a score of 3.0 to 4.0 is **strong**.
3. Grand Strategy based on two major dimensions **Market growth** and **Competitive position**.
4. **QSPM** technique objectively indicates which alternative strategies are best.
5. Implementation is preliminary an **Operational** process.

## QUIZ

**Choose the correct option.**

A firm desire to increase profit at least 15% every year for the foreseeable future is \_\_\_\_\_ objective.

- Corporate level
- Functional level
- Overall organizational
- **Both a and b**

Disagreement between two or more parties on one or more issues is a \_\_\_\_\_.

- **Conflict**
- Stress
- Functional stress
- None of given option

Medium-size firms tend to be divisionally structured

- Divisionally
- Decentralized
- Centralized
- **Both a and b**

The \_\_\_\_\_ has its own business strategy, objectives and competitors and these are often differ from parent company.

- **Strategic Business Unit structure**
- Matrix structure
- Divisional structure
- None of given option

\_\_\_\_\_ create a sense of “Self organization “through

- Gain sharing
- Profit sharing
- **Employee stock ownership plan**
- Non of given option

1. **Just in time** is a process which is calculated by deducting Inventory from production.
2. **Market segmentation** is the process in marketing of grouping a market into smaller subgroups.
3. Education is a **Demographic** segmentation.
4. **EPS/EBIT analysis** helps in making capital financing decisions needed to implement strategies.
5. How to obtain and spend funds exhibits in a document known as **financial budget**.

### **MGT 603 LATEST SOLVED QUIZZ .**

1 . Din Mohammad, a farmer sells his crops at the local market rather than to a distribution center. This action of Din Mohammad comes under which of the following?  
Backward integration  
Product development

## **Forward integration**

Horizontal integration

2. Theoretical framework is trying to develop a \_\_\_\_\_ model of our study.

Select correct option:

Functional

**Conceptual**

Operational

Practical

3 .Which of the following are two negative-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

**CA and ES**

FS and IS

IS and ES

4. Where usage rate of present customers of the company can be increased significantly and the current markets are not saturated, which

strategy would be effective for the company to follow?

Select correct option:

**Market Penetration**

Product Development

Market Development

Retrenchment

5. In Competitive Profile Matrix, the rating 4 indicates what?

Select correct option:

Major weakness

**Major strength**

Minor strength

Minor weakness

rating 1 represents major weakness, rating 2 shows minor weakness. Similarly, rating 3 indicates minor strength whereas rating 4 shows major strength. It means that weakness must receive 1 or 2 rating while strength must get 3 or 4 rating.

6 . A chance for advancement, progress or profit prevailing in external environment of a company is known as:

Select correct option:

Strength

Weakness

**Opportunity**

Threat

7. When the Chief Executive of a chain of pharmacies decided to sell off or close some of the locations that were not profitable, he was

performing which of the management function?

Select correct option:

Leading

Planning

**Controlling**

Organizing

8. Taking any corrective action is a part of controlling function. Internal analysis involves gathering and analyzing the information about all areas of a firm EXCEPT:

Research nad development

Management information system

Marketing

**Competitors**

9. Internal strengths and weaknesses that can significantly benefit or harm an organization may include all of the following EXCEPT:

Production/ operations

Research & development

## **E-commerce**

Management information system

Internal strengths and internal weaknesses are an organization's controllable activities that are performed especially well or poorly.

They arise

in the management, marketing, finance/accounting, production/operations, research and development, and computer information systems activities of a business. Identifying and evaluating organizational strengths and weaknesses in the functional areas of a business is an essential strategic-management activity. Organizations strive to pursue strategies that capitalize on internal strengths and improve on internal weaknesses.

10. Strategic management integrates all of the following areas

EXCEPT:

Management

Marketing

Research and development

**Human resource management**

11. Which management function includes breaking tasks into jobs, combining jobs to form departments and delegating authority?

Motivating

**Staffing**

Organizing

Planning

12. All of the following statements are true about a firm's mission statement EXCEPT:

A mission statement does not directly contribute positively to financial performance.

**A mission statement directly contributes positively to financial performance.**

A mission statement should not provide useful criteria for selecting among alternative strategies.

13. Primary reason to develop a mission statement is not to attract the customers

A firm should practice Joint Venture strategy in which of the following cases?

When the SPACE matrix vector lies in defensive quadrant

When the SPACE matrix vector lies in aggressive quadrant

When the SPACE matrix vector lies in conservative quadrant

**When the SPACE matrix vector lies in competitive quadrant**

14. Assessment of competitive rivalry does NOT include an understanding of which of the following?

Mergers and acquisition in industry

Market growth rates

Exit barriers and operational efficiency of competitor

The management structure of an organization

15. What is the range for a firm's total weighted score in an External Factor Evaluation Matrix?

0 to 5

0 to 4

1 to 5

**1 to 4**

**total weighted score for the organization, Highest possible weighted score for the organization is 4.0; the lowest, 1.0. Average = 2.5**

16. All of the following would be considered as opportunities for a business, EXCEPT:

Select correct option:

Removal of international trade barriers

Emergence of unfulfilled customer need

**Emergence of substitute products**

Loosening of regulations



17. A firm's division with a high relative market share position in a low-growth industry can be referred to which of the following category?

Select correct option:

Star

**Cash cow**

Question mark

Dog

18. SPACE matrix stands for:

Select correct option:

**Strategic position and action evaluation matrix**

Strategic power and commerce evaluation matrix

Strategy performance and activity evaluation matrix

Strategy position and competitiveness evaluation matrix

1. TOWS Matrix (Threats-Opportunities-Weaknesses-Strengths)

2. SPACE Matrix (Strategic Position and Action Evaluation)

3. BCG Matrix (Boston Consulting Group)

4. IE Matrix (Internal and external) 5. GS Matrix (Grand Strategy)

19. Long-term objectives are needed at which level(s) of the organization?

Select correct option:

Corporate level

Divisional level

Functional level

**All of the given options**

. Long term objectives are needed at the corporate, divisional and functional levels of an organization.

20. Strategy formulation techniques can be integrated into how many stages of decision making framework?

Select correct option:

Two

**Three**

Four

Five

21. All of the following situations are conducive to market development EXCEPT:

When new untapped or unsaturated markets exist

**When new channels of distribution are expensive**

When an organization has excess production capacity

When an organization's basic industry is becoming rapidly global

22. Lack of access to key distribution channel indicates which of the following?

Select correct option:

Strength

**Weakness**

Opportunity

Threat

23. ABC firm is facing high production costs in Pakistan due to expensive raw material. The firm is formulating a strategy of capturing European market because of low priced raw material and high demand of their products in Europe. Keeping in view the mentioned situation which of the following strategies ABC firm must pursue?

WO Strategy

SW Strategy

ST Strategy

**WT Strategy**

24. Which one of the followings best describes this statement; "The conditions that a company must satisfy in order to be able to enter an industry"?

Economies of scale

**Barriers to entry**

Differentiation

## Competitive environment

25. Which strategy should an organization use if it competes in a no-growth or a slow-growth industry?

Related diversification

Backward integration

Unrelated diversification

### **Retrenchment**

that company's weak competitive situation and slow market growth. The firms fall in this quadrant compete in slow-growth industries and have weak competitive positions. These firms must make some drastic changes quickly to avoid further demise and possible liquidation.

26. Extensive cost and asset reduction (retrenchment) should be pursued

Defensive strategies include all of the following EXCEPT:

Select correct option:

Retrenchment

### **Acquisition**

Divestiture

Liquidation

27. Defensive Strategies In addition to integrative, intensive, and diversification strategies, organizations also could pursue

Retrenchment, divestiture, or **liquidation**.

Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture

Divestiture Liquidation

Integration

Selling all of a company's assets, in parts, for their tangible worth  
Selling all of a company's assets, in parts, for their tangible worth is called liquidation. Liquidation is recognition of defeat and, consequently, can be an emotionally difficult strategy. However, it

may be better to cease operating than to continue losing large sums of money.

28. Which of the following stages of strategy formulation framework involves developing Internal-External (IE) Matrix?

Select correct option:

Input stage

**Output stage**

Matching stage

Decision stage

29. Input stage of strategy-formulation framework includes developing which of the following set of strategies?

Select correct option:

IFE, EFE and QSPM Matrix

**IFE, IE and BCG Matrix**

IFE, CPM and EFE Matrix

EFE, IE and CPM Matrix

30. ABC company is competing in an industry where the growth rate of that industry from year to year has reached or is close to zero, ABC is

operating in which industry?

Select correct option:

Growing industry

Emerging industry

**Mature industry**

Declining industry

31. Which of the following strategy generally entails large research and development expenditures?

Select correct option:

Market penetration

Retrenchment

Forward integration

**Product development**

## Product Development

Product development is a strategy that seeks increased sales by improving or modifying present products or services. Product development usually entails large research and development expenditures

Question # 1 of 20 ( Start time: 04:17:07 PM ) Total Marks: 1

Which matrices are also known as Portfolio matrices?

Select correct option:

SPACE and BCG matrix

**IE and BCG matrix**

TOWS and IE matrix

SPACE and TOWS matrix

Question # 2 of 20 ( Start time: 04:18:15 PM ) Total Marks: 1

According to Porter, which strategy offers products or services to a small range of customers at the lowest price available on the market?

Select correct option:

**Low cost**

Best value

Cost focus

Differentiation

Question # 3 of 20 ( Start time: 04:19:01 PM ) Total Marks: 1

Which one of the following is NOT a major region of IE matrix?

Select correct option:

Grow and build

**Grow and maintain**

Hold and maintain

Harvest or divest

Question # 4 of 20 ( Start time: 04:19:41 PM ) Total Marks: 1

While evaluating a strategy, Corrective actions are almost always needed EXCEPT:

Select correct option:

When external and internal factors have not significantly changed

**When the firm is not progressing satisfactorily toward objectives**

When the firm has not achieved the stated organizational goals

When there are differences between desired results and achieved results

Question # 5 of 20 ( Start time: 04:20:21 PM ) Total Marks: 1

Principles of conduct that guide decision-making are known as:

Select correct option:

Human rights

**Business ethics**

The constitution

Social responsibility

Question # 6 of 20 ( Start time: 04:21:12 PM ) Total Marks: 1

“The process of dividing markets into groups of consumers who are similar to each other”. Which of the following terms describes the statement?

Select correct option:

Positioning

**Segmentation**

Marketing

Targeting

Question # 7 of 20 ( Start time: 04:21:52 PM ) Total Marks: 1

Which of the following directs at developing new products before competitors do at improving product quality or at improving manufacturing processes to reduce costs?

Select correct option:

Marketing

Opportunity analysis

**Research and development**

Management

Question # 8 of 20 ( Start time: 04:22:24 PM ) Total Marks: 1

Just in Time process works on series of signals which are called:

Select correct option:

Kaizan

**Kanban**

Kansan

None of the given options

Question # 9 of 20 ( Start time: 04:22:53 PM ) Total Marks: 1

As managers move up the organization, they perform which of the management function more?

Select correct option:

**Leading**

Controlling

Organizing

Planning

Question # 10 of 20 ( Start time: 04:23:48 PM ) Total Marks: 1

Which of the following is NOT a decision that may require finance/accounting policies?

Select correct option:

To extend the time of accounts receivable  
To determine an appropriate dividend payout ratio  
To use LIFO, FIFO, or a market-value accounting approach  
**To determine the amount of product diversification**

Question # 11 of 20 ( Start time: 04:24:23 PM ) Total Marks: 1

Which of the following is a deliberate plan of action, guidelines, methods, procedures to guide decisions and achieve rational outcome?  
Select correct option:

Annual objectives  
Strategies  
**Policies**  
Goals

Question # 12 of 20 ( Start time: 04:24:51 PM ) Total Marks: 1

In BCG matrix, the size of circle corresponding to a division represents what?  
Select correct option:

Relative market share of that division  
Financial strength of that division  
**Revenue genet rated by that division**  
Relative market share of the division

Question # 13 of 20 ( Start time: 04:25:28 PM ) Total Marks: 1

All of the following are the outputs of a system EXCEPT:  
Select correct option:

Tables  
Charts  
**Data**  
Graphs

Question # 14 of 20 ( Start time: 04:25:57 PM ) Total Marks: 1

Which marketing function includes test marketing?  
Select correct option:

Selling products/services  
Customer analysis  
**Product/service planning**  
Distributing

Question # 15 of 20 ( Start time: 04:26:40 PM ) Total Marks: 1

Exclusive access to high grade natural resources is an example of which of the following?  
Select correct option:

Strength  
Weakness  
Opportunity  
Threat

Question # 16 of 20 ( Start time: 04:26:54 PM ) Total Marks: 1

Which of the following is the decision support role of management information system?  
Select correct option:

Processing marketing records into marketing plans

**Allowing users to ask "What if" questions**

Recording and storing such human resource records

Processing operations records into production schedules

Question # 17 of 20 ( Start time: 04:27:53 PM ) Total Marks: 1

Which of the following arise when a company can take advantage of conditions in its environment to formulate and implement strategies that enable it to become more profitable?

Select correct option:

Strengths

**Opportunities**

Weaknesses

Threats

Question # 18 of 20 ( Start time: 04:28:15 PM ) Total Marks: 1

Which one of the following dimensions is NOT a recommended component of a mission statement?

Select correct option:

Self-concept

Markets

**Strategies**

Customers

Question # 19 of 20 ( Start time: 04:28:57 PM ) Total Marks: 1

The in-house R & D is a preferred solution in which of the following situation:

Select correct option:

**Technological progress is slow and market growth is moderate**

Technology is changing rapidly and market is growing slowly

If technology is changing slowly and market is growing quickly

If both, technological progress and market growth rate are fast

Question # 20 of 20 ( Start time: 04:29:28 PM ) Total Marks: 1

All of the following are the examples of the actions that can be taken in strategy implementation stage EXCEPT:

Select correct option:



Changing organization's pricing strategy  
Developing new employee benefits  
Transferring managers among divisions  
**Taking corrective action when needed**

Question # 1 of 15 (Start time: 08:34:41 PM) Total Marks: 1  
Firms in quadrant-IV of grand strategy matrix have which of the following characteristics?  
Select correct option:

Rapid market growth and strong competitive position  
Rapid market growth and weak competitive position  
**Slow market growth and strong competitive position**  
Slow market growth and weak competitive position

Question # 2 of 15 ( Start time: 08:35:29 PM ) Total Marks: 1  
Assigning rating 3 to an internal factor in IFE matrix indicates what?  
Select correct option:

Major weakness  
Minor weakness  
**Minor strength**  
Major strength

Question # 3 of 15 ( Start time: 08:36:28 PM ) Total Marks: 1  
Which one of the following dimensions is NOT a recommended component of a mission statement?  
Select correct option:

Self-concept  
Markets  
**Strategies**  
Customers

Question # 4 of 15 ( Start time: 08:37:04 PM ) Total Marks: 1  
All of the following are used as a base for market segmentation EXCEPT:  
Select correct option:

**Socioeconomic**  
Geographic  
Demographic  
Psychographic

Question # 5 of 15 ( Start time: 08:37:43 PM ) Total Marks: 1  
Majority of the businesses follow which of the following organizational structure?  
Select correct option:

Strategic business unit

**Functional structure**

Divisional structure

Matrix structure

Question # 6 of 15 ( Start time: 08:38:28 PM ) Total Marks: 1

In the SPACE analysis, what does (+6, +3) strategy profile portray?

Select correct option:

**A strong industry with strong financial strength**

A stable environment with strong financial strength

A stable environment for highly competitive firm

A strong industry operating in stable environment

Question # 7 of 15 ( Start time: 08:39:59 PM ) Total Marks: 1

Which of the following statement is referred to 'Price fluctuation'?

Select correct option:

Decrease in prices

Increase in prices

Fluctuation in the prices of a particular commodity

**Fluctuation in general price level**

Question # 8 of 15 ( Start time: 08:40:23 PM ) Total Marks: 1

Long-term objectives are needed at which level(s) of the organization?

Select correct option:

Corporate level

Divisional level

Functional level

**All of the given options**

Question # 9 of 15 ( Start time: 08:40:59 PM ) Total Marks: 1

For the past four years the ABC Corporation has been planning to expand its operations in order to reach out to the world market. Essentially, the ABC Corporation desires to do what?

Select correct option:

Become an online business

Become a brick-n-mortar business

**Embrace globalization**

Become a click-n-mortar business

Question # 10 of 15 ( Start time: 08:41:43 PM ) Total Marks: 1

Establishing and implementing ways of making things work is known as:

Select correct option:

**Planning**

Organizing  
Leading  
Controlling

Question # 11 of 15 ( Start time: 08:42:35 PM ) Total Marks: 1

All of the following are functional support roles of Management Information System EXCEPT:

Select correct option:

Recording and storing accounting records  
Recording and storing inventory data  
Recording and storing business intelligence data  
**The enhanced ability to explore "what if"**

Question # 12 of 15 ( Start time: 08:43:05 PM ) Total Marks: 1

Strategy formulation stage includes all of the following EXCEPT:

Select correct option:

Vision and mission  
Strength and weakness  
Opportunities and threats  
**Annual objectives**

Question # 13 of 15 ( Start time: 08:43:52 PM ) Total Marks: 1

During which stage of strategic management, firm's specific internal strengths and weaknesses are determined?

Select correct option:

**Formulation**  
Implementation  
Evaluation  
Feedback

Question # 14 of 15 ( Start time: 08:44:21 PM ) Total Marks: 1

The SPACE matrix of XYZ company shows that the coordinates of its directional vector are (-5, -5). What strategy would you recommend for the ABC Company?

Select correct option:

**Concentric diversification**  
Market development  
Backward integration  
Joint venture

Question # 15 of 15 ( Start time: 08:45:14 PM ) Total Marks: 1

Which one of the following is NOT a basic mission of a competitive intelligence program?

Select correct option:

To provide a general understanding of an industry

To provide a general understanding of a company's competitors

**To identify industry executives who could be hired by the firm**

To identify potential moves a competitor might make that would endanger a firm

Question # 1 of 15 ( Start time: 08:49:07 PM ) Total Marks: 1

According to Porter, which strategy offers products or services to a small range of customers at the lowest price available on the market?

Select correct option:

**Low cost**

Best value

Cost focus

Differentiation

Question # 2 of 15 ( Start time: 08:49:48 PM ) Total Marks: 1

All of the following are the indicators of industry strength for an organization EXCEPT:

Select correct option:

Financial stability

Ease of entry into the market

Geographic and product freedom

**Control over suppliers**

Question # 3 of 15 ( Start time: 08:50:40 PM ) Total Marks: 1

The strategy embraced by Ahmad Bros. is to address the needs of a very selected and specialized market segment. That is most likely to engage in which one of the following types of strategy?

Select correct option:

Differentiation strategy

Generic strategy

**Focus strategy**

Low cost strategy

Question # 4 of 15 ( Start time: 08:51:22 PM ) Total Marks: 1

Ethnic balance is affected due to which of the following?

Select correct option:

Change in ethnic values

Awareness of ethnic norms

**Migration of the people towards different areas**

Introduction of new laws relating to ethnicity

Question # 5 of 15 ( Start time: 08:51:56 PM ) Total Marks: 1

All of the following are examples of marketing decisions that require policies EXCEPT:

Select correct option:

**To be a market leader or follower**

Whether to advertise online or not

Either to offer a complete or limited warranty

To use billboards for outdoor advertising

Question # 6 of 15 ( Start time: 08:52:35 PM ) Total Marks: 1

A system of several rites connected with a single occasion or event is known as:

Select correct option:

Myth

**Ceremonial**

Saga

Legend

Question # 7 of 15 ( Start time: 08:53:04 PM ) Total Marks: 1

Test marketing is commonly applied by which of the following companies?

Select correct option:

Industrial goods companies

**Consumer goods companies**

Public sector companies

Private sector companies

Question # 8 of 15 ( Start time: 08:53:44 PM ) Total Marks: 1

Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:

Select correct option:

Distribution efficiency

Production efficiency

**New investments**

Product innovation

Question # 9 of 15 ( Start time: 08:54:12 PM ) Total Marks: 1

The purpose of an external audit is to prepare a list of which of the following?

Select correct option:

Opportunities and weaknesses

Threats and strengths

**Opportunities and threats**

Strengths and weaknesses

Question # 10 of 15 ( Start time: 08:54:50 PM ) Total Marks: 1

What strategies are appropriate for the divisions that fall in grow and build region of IE matrix?

Select correct option:

Defensive and integrative strategies

**Intensive and integrative strategies**

Diversification and intensive strategies

Defensive and diversification strategies

Question # 11 of 15 ( Start time: 08:55:44 PM ) Total Marks: 1

Adding new, unrelated products or services is called:

Select correct option:

Forward integration

Backward integration

**Conglomerate diversification**

Concentric diversification

Question # 12 of 15 ( Start time: 08:56:24 PM ) Total Marks: 1

Which one of the following is the organizational structure that most of the medium-size organizations follow?

Select correct option:

**Divisional structure**

Strategic business unit

Functional structure

Matrix structure

Question # 13 of 15 ( Start time: 08:57:07 PM ) Total Marks: 1

Which of the following is the first step in the controlling function of management?

Select correct option:

Take corrective actions

Restrict breaks employees take

Evaluate expense reports

**Establish performance standards**

Question # 14 of 15 ( Start time: 08:57:55 PM ) Total Marks: 1

Which of the following factors can predict the stability or non-stability of the environment, the firm is operating in?

Select correct option:

**Rate of inflation**

Ease of exit from market

Customer loyalty

Financial stability

Question # 15 of 15 ( Start time: 08:58:33 PM ) Total Marks: 1

Which of the followings best describes the Horizontal integration?

Select correct option:

A firm takes over a supplier

A firm takes over a distributor

**A firm takes over a competitor**

A firm takes over a manufacturer

Question # 1 of 15 ( Start time: 09:02:21 PM ) Total Marks: 1

Which of these is an attractive strategy for a cash cow division?

Select correct option:

**Concentric diversification**

Horizontal integration

Conglomerate diversification

Backward integration

Question # 2 of 15 ( Start time: 09:03:20 PM ) Total Marks: 1

All of the following are the types of cooperative arrangements EXCEPT:

Select correct option:

R&D partnerships

Joint-bidding consortia

Cross-licensing agreements

**Diversification**

Question # 3 of 15 ( Start time: 09:04:34 PM ) Total Marks: 1

Which of the following is the first step in developing QSPM?

Select correct option:

**Developing a list of the firm's key external and internal factors.**

Determining the Attractiveness Scores for each strategy.

Examine the Stage 2 matrices and identify alternative strategies.

Assigning weights to each key external and internal factor.

Question # 4 of 15 ( Start time: 09:05:15 PM ) Total Marks: 1

The reason to develop QSPM is to evaluate the alternative strategies derived from all of these EXCEPT:

Select correct option:

Grand Strategy Matrix

BCG Matrix

Space Matrix

**CPM Matrix**

Question # 5 of 15 ( Start time: 09:06:14 PM ) Total Marks: 1

All of the following situations are conducive to market development EXCEPT:

Select correct option:

When new untapped or unsaturated markets exist

**When new channels of distribution are expensive**

When an organization has excess production capacity

When an organization's basic industry is becoming rapidly global

Question # 6 of 15 ( Start time: 09:06:58 PM ) Total Marks: 1

All of the following are the examples of promotion decision EXCEPT:

Select correct option:

Personal selling

**Volume discounts**

Public relations

Advertising

Question # 7 of 15 ( Start time: 09:08:03 PM ) Total Marks: 1

Which strategy seeks to increase market share of present products or services in present markets through greater marketing efforts?

Select correct option:

**Market penetration**

Market development

Backward integration

Product development

Question # 8 of 15 ( Start time: 09:08:33 PM ) Total Marks: 1

All of the following would be considered as weaknesses to a business EXCEPT:

Select correct option:

Maturing markets

Limited industry expertise

**Brand name**

Limited financial resources

Question # 9 of 15 ( Start time: 09:09:28 PM ) Total Marks: 1

According to Porter, which strategy offers products or services to a small range of

customers at the lowest price available on the market?

Select correct option:

**Low cost**

Best value

Cost focus

Differentiation

Question # 10 of 15 ( Start time: 09:10:39 PM ) Total Marks: 1

When a merger or acquisition is not desired by both the parties of merger, then it is known as:

Select correct option:

Divestiture

**Takeover**

Outsourcing

Integration

Question # 11 of 15 ( Start time: 09:11:23 PM ) Total Marks: 1

What are the four dimensions of a SPACE matrix?

Select correct option:

Environmental stability; Industrial strength; Competitive advantage; Market growth rate

**Environmental stability; Industrial strength; Competitive advantage; Financial strength**

Industrial strength; Competitive advantage; financial strength; Market share

Environmental stability; Industrial strength; Market growth rate; Market share

Question # 12 of 15 ( Start time: 09:11:56 PM ) Total Marks: 1

Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture

Divestiture

**Liquidation**

Integration

Question # 13 of 15 ( Start time: 09:12:35 PM ) Total Marks: 1

Market segmentation is especially used in implementing strategies by which of the following firms?

Select correct option:

**Small firms**

Medium-size firms

Large firms

All of these firms

Question # 14 of 15 ( Start time: 09:13:04 PM ) Total Marks: 1

When two organizations of about equal size unite to form one enterprise, which of the following takes place?

Select correct option:

Hostile takeover

**Merger**

Liquidation

Divestiture

Question # 15 of 15 ( Start time: 09:13:50 PM ) Total Marks: 1

Which of the following strategy generally entails large research and development



expenditures?

Select correct option:

Market penetration

Retrenchment

Forward integration

**Product development**

Question # 1 of 15 ( Start time: 09:23:55 PM ) Total Marks: 1

Which one of the following is NOT a SMART criterion?

Select correct option:

Measurable

**Strategy**

Achievable

Relevant

Question # 2 of 15 ( Start time: 09:25:01 PM ) Total Marks: 1

External forces directly affects all of the following EXCEPT:

Select correct option:

Market segmentation strategies

Types of products/services offered

**Management structure of organization**

Choice of businesses to acquire or sell

Question # 3 of 15 ( Start time: 09:26:06 PM ) Total Marks: 1

Identify the stages of strategic management process in a precise sequence.

Select correct option:

Strategy evaluation, strategy formulation & strategy implementation

Strategy evaluation, strategy implementation & strategy formulation

**Strategy formulation, strategy implementation & strategy evaluation**

Strategy implementation, strategy evaluation & strategy formulation

Question # 5 of 15 ( Start time: 09:27:47 PM ) Total Marks: 1

All of the following are the key opportunities or threats in external environment because of Political, Govt. & Illegal force EXCEPT:

Select correct option:

Tax rates

**Trust in government**

Pak-India relationships

Patent laws

Question # 6 of 15 ( Start time: 09:28:47 PM ) Total Marks: 1

Which of the following is NOT a SPACE Matrix quadrant?

Select correct option:

Aggressive

Defensive

Competitive

**Offensive**

Question # 7 of 15 ( Start time: 09:29:19 PM ) Total Marks: 1

The IE Matrix consists of how many cells?

Select correct option:

Seven

Eight

**Nine**

Ten

Question # 8 of 15 ( Start time: 09:29:53 PM ) Total Marks: 1

Majority of the businesses follow which of the following organizational structure?

Select correct option:

Strategic business unit

**Functional structure**

Divisional structure

Matrix structure

Question # 9 of 15 ( Start time: 09:30:57 PM ) Total Marks: 1

The process of monitoring performance, comparing it with goals, and correcting any significant deviations is known as:

Select correct option:

Planning

Organizing

Leading

**Controlling**

Question # 10 of 15 ( Start time: 09:31:46 PM ) Total Marks: 1

Marketing decisions generally fall into four controllable categories. Which one of the following is NOT one of marketing decisions category?

Select correct option:

Product

**Process**

Distribution

Promotion

Question # 11 of 15 ( Start time: 09:32:22 PM ) Total Marks: 1

Input stage of strategy formulation framework includes developing which of the following set of strategies?

Select correct option:

IFE, EFE and QSPM Matrix

IFE, IE and BCG Matrix

### **IFE, CPM and EFE Matrix**

EFE, IE and CPM Matrix

Question # 12 of 15 ( Start time: 09:33:22 PM ) Total Marks: 1

Which of the following is best identified as a statement that presents “a firm's big picture statement, describing a desired end-state, general in scope, and not restrictive”?

Select correct option:

Corporate philosophy statement

Company creed

**Vision statement**

Mission statement

Question # 13 of 15 ( Start time: 09:34:02 PM ) Total Marks: 1

All of the following fall under Pricing decisions EXCEPT:

Select correct option:

Discounts

Credit terms

Markups

**Dealer relations**

Question # 14 of 15 ( Start time: 09:34:32 PM ) Total Marks: 1

According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?

Select correct option:

I

II

III

**IV**

Question # 15 of 15 ( Start time: 09:35:00 PM ) Total Marks: 1

All of the following are functional support roles of Management Information System EXCEPT:

Select correct option:

Recording and storing accounting records

Recording and storing inventory data

Recording and storing business intelligence data

**The enhanced ability to explore "what if"**

Question # 1 of 15 ( Start time: 11:22:48 PM ) Total Marks: 1

In BCG growth-share matrix, which of the following would be most likely to possess a low market share and a high growth rate?

Select correct option:

Dog

**Question mark**

Cash cow

Star

Question # 2 of 15 ( Start time: 11:23:42 PM ) Total Marks: 1

Which one of the following strategies is referred as presenting products, often with a little or no modification, to customers in related marketing areas?

Select correct option:

**Market development**

Market penetration

Horizontal integration

Product development

Question # 3 of 15 ( Start time: 11:24:47 PM ) Total Marks: 1

Which of the following was NOT included in Borden's marketing mix?

Select correct option:

Product planning

Display

**Styling**

Physical handling

Question # 4 of 15 ( Start time: 11:25:58 PM ) Total Marks: 1

Product development involves going in the direction of which one of the following?

Select correct option:

Present products to present markets

Present products to new markets

**New products to present markets**

New products to new markets

Question # 5 of 15 ( Start time: 11:26:28 PM ) Total Marks: 1

Which of the following statements is NOT correct about a mission statement?

Select correct option:

It contains the definition of the company's business

**It is called the picture of a company's future.**

It is a statement containing the company's major goals

It is known as statement of the corporate philosophy

Question # 6 of 15 ( Start time: 11:27:00 PM ) Total Marks: 1

Which of the following directs at developing new products before competitors do at improving product quality or at improving manufacturing processes to reduce costs?

Select correct option:

Marketing

Opportunity analysis

### **Research and development**

Management

Question # 7 of 15 ( Start time: 11:27:57 PM ) Total Marks: 1

The reason to develop QSPM is to evaluate the alternative strategies derived from all of these EXCEPT:

Select correct option:

Grand Strategy Matrix

BCG Matrix

Space Matrix

**CPM Matrix**

Question # 8 of 15 ( Start time: 11:28:11 PM ) Total Marks: 1

Which of these strategies is effective when the number of suppliers is small and the number of competitors is large?

Select correct option:

Conglomerate diversification

Forward integration

**Backward integration**

Horizontal diversification

Question # 9 of 15 ( Start time: 11:28:56 PM ) Total Marks: 1

The process of monitoring performance, comparing it with goals, and correcting any significant deviations is known as:

Select correct option:

Planning

Organizing

Leading

**Controlling**

Question # 10 of 15 ( Start time: 11:29:08 PM ) Total Marks: 1

Defensive strategies include all of the following EXCEPT:

Select correct option:

Retrenchment

**Acquisition**

Divestiture

Liquidation

Question # 11 of 15 ( Start time: 11:29:34 PM ) Total Marks: 1

In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

SO Strategy

**WO Strategy**

SW Strategy

ST Strategy

Question # 12 of 15 ( Start time: 11:30:10 PM ) Total Marks: 1

Identify the term that is known as a “mean of providing guidance to actions and procedures, including how resources are to be allocated and how tasks assigned to the organization might be accomplished”.

Select correct option:

Aspirations

Objectives

**Policies**

Goals

Question # 13 of 15 ( Start time: 11:31:19 PM ) Total Marks: 1

Which one of the following is NOT a SMART criterion?

Select correct option:

Measurable

**Strategy**

Achievable

Relevant

Question # 14 of 15 ( Start time: 11:31:29 PM ) Total Marks: 1

Which of the following is the last step in the development of QSPM?

Select correct option:

Developing a list of the firm’s key external and internal factors

Determining the Attractiveness Scores for each strategy

**Compute the Sum Total Attractiveness Score**

Assigning weights to each key external and internal factor

Question # 15 of 15 ( Start time: 11:32:45 PM ) Total Marks: 1

Which of the following categories of ratios includes return on total assets and return on stockholders’ equity as its types?

Select correct option:

**Profitability**

Leverage

Growth

Liquidity

Question # 1 of 15 ( Start time: 11:46:29 PM ) Total Marks: 1

In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their

products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

SO Strategy

**WO Strategy**

SW Strategy

ST Strategy

Question # 2 of 15 ( Start time: 11:46:50 PM ) Total Marks: 1

Which of the following refers to Kanban?

Select correct option:

Manufacturing system

Production unit

**Signals**

Process

Question # 3 of 15 ( Start time: 11:47:40 PM ) Total Marks: 1

Buyers can exercise high bargaining power over their suppliers under which one of the following conditions?

Select correct option:

When there are many good substitutes of raw material

**There are few buyers in the market**

They have few suppliers to choose from

There is a high concentration of suppliers

Question # 4 of 15 ( Start time: 11:49:04 PM ) Total Marks: 1

Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture

Divestiture

**Liquidation**

Integration

Question # 5 of 15 ( Start time: 11:49:36 PM ) Total Marks: 1

The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

Select correct option:

Financial budget

Relative importance of departments

**On political or personal factors**

Relative cost of each resources

Question # 6 of 15 ( Start time: 11:50:18 PM ) Total Marks: 1

Where an organization is considering development in an existing market with existing products it is pursuing which of the following strategy?

Select correct option:

Diversification

Market development

**Market penetration**

Product development

Question # 7 of 15 ( Start time: 11:50:49 PM ) Total Marks: 1

Non-financial benefits of strategic management includes all of the following EXCEPT:

Select correct option:

Better awareness of external threats

Enhanced awareness of threats

Reduced resistance to change

**Increase in sales**

Question # 8 of 15 ( Start time: 11:51:29 PM ) Total Marks: 1

Which of the following are two positive-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

CA and ES

**FS and IS**

IS and ES

Question # 9 of 15 ( Start time: 11:52:06 PM ) Total Marks: 1

Marketing decisions generally fall into four controllable categories. Which one of the following is NOT one of marketing decisions category?

Select correct option:

Product

**Process**

Distribution

Promotion

Question # 10 of 15 ( Start time: 11:52:22 PM ) Total Marks: 1

A firm that is involved in two or more distinct businesses is known as:

Select correct option:

**A diversified company**

A ventured company

A restructured company

A multinational corporation

Question # 11 of 15 ( Start time: 11:53:37 PM ) Total Marks: 1

Which one of the following is the organizational structure that most of the medium-size



organizations follow?  
Select correct option:

**Divisional structure**

Strategic business unit  
Functional structure  
Matrix structure

Question # 12 of 15 ( Start time: 11:53:53 PM ) Total Marks: 1

The total weighted score of IFE matrix developed for XYZ corporation is 3.5. Which of the following statement is TRUE about XYZ Corporation in the light of IFE matrix total weighted score?

Select correct option:

Corporation has strong external position

Corporation has weak internal position

**Corporation has strong internal position**

Corporation has weak external position

Question # 13 of 15 ( Start time: 11:55:13 PM ) Total Marks: 1

Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?

Select correct option:

Economic forces

Social, cultural and, demographic forces

**Political, governmental, and legal forces**

Competitive forces

Question # 14 of 15 ( Start time: 11:55:58 PM ) Total Marks: 1

BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?

Select correct option:

Market share and industry strength

**Market share and market growth rate**

Market growth rate and competitive position

Market growth rate and environment stability

Question # 15 of 15 ( Start time: 11:57:20 PM ) Total Marks: 1

Ethnic balance is affected due to which of the following?

Select correct option:

Change in ethnic values

Awareness of ethnic norms

**Migration of the people towards different areas**

Introduction of new laws relating to ethnicity

1. Which of the following strategy should be perused first by the Irtiza Insurance Company as it is located in Quadrant III of the Grand Strategy Matrix?

Select correct option:

Diversification

Liquidation

**Retrenchment**

Divestiture

2. Which one of the following is the characteristic of Question marks?

Select correct option:

Excess cash generation

**Low cash generation**

Opportunities for growth

No-market-growth industry

3. Which of the following are two negative-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

**CA and ES**

FS and IS

IS and ES

4. What is the first step in the comprehensive strategic-management model?

Select correct option:

Performing external audits

**Developing vision and mission statements**

Performing internal audits

Measuring and evaluating performance

5. Identify the stages of strategic management process in a precise sequence.

Select correct option:

Strategy evaluation, strategy formulation & strategy implementation

Strategy evaluation, strategy implementation & strategy formulation

**Strategy formulation, strategy implementation & strategy evaluation**

Strategy implementation, strategy evaluation & strategy formulation

6. Which approach for managing and resolving conflict involves playing down differences between conflicting parties while stressing on similarities and common interests?

Select correct option:

Avoidance

Compliance

**Diffusion**

Confrontation

7. Which one of the following is the organizational structure that most of the medium-size organizations follow?

Select correct option:

**Divisional structure**

Strategic business unit

Functional structure

Matrix structure

8. **Intuition** is based on all of the following factors EXCEPT:

Select correct option:

Past experiences

Judgments

**Uncertainties**

Feelings

9. A & Ammar is the sole manufacturer of leather goods in Pakistan. Government has lowered the tax rates for this industry keeping in view of promoting other new firms to enter this industry. Lowering the tax rates of this industry will confront A & Ammar with which of the following?

Select correct option:

Strength

Weakness

Opportunity

**Threat**

10. ABC company is competing in an industry where the growth rate of that industry from year to year has reached or is close to zero, ABC is operating in which industry?

Select correct option:

Growing industry

Emerging industry

**Mature industry**

Declining industry

11. Matching stage of the strategy formulation framework comprises of formulating which of the following set of strategies?

Select correct option:

BCG, SPACE and QSPM Matrix

**BCG, SPACE and TOWS Matrix**

SPACE, TOWS and IFE Matrix  
BCG, SPACE and EFE Matrix

12. All of the following would represent possible threats to the ABC Company EXCEPT which one of the following?

Select correct option:

Entrance of new competitors

**improved buyer or supplier relationships**

New or revised regulations

Slow industry/market growth

13. Which of the following is the best example for achieving long-term objectives?

Select correct option:

Strengths

**Strategies**

Policies

Opportunities

14. What is NOT a major benefit of having a diverse workforce?

Select correct option:

Improvement of the bottom line

**An increase in training costs**

An increase in productivity

A decrease in complaints

15. You are asked to prepare the IE Matrix of Roxon Incorporation. Your findings reveal that its Southern division falls in IX cell of IE Matrix. How will you interpret your findings?

Select correct option:

**It can be managed best with Harvest or divest strategies**

It can be managed best with Grow and Build strategies

It can be managed best with Grow and Maintain strategies

It can be managed best with Hold and Maintain strategies

16. Which of the following is the highest possible weighted score for the organization in IFE matrix?

Select correct option:

1.0

1.5

2.5

**4.0**

17. Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?

Select correct option:

Economic forces

Social, cultural and, demographic forces

**Political, governmental, and legal forces**

Competitive forces

18. According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?

Select correct option:

I

II

III

**IV**

19. Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture

Divestiture

**Liquidation**

Integration

20. Research and development activity performed by R & D department of AZD company resulted in the introducing a telecommunications system in a foreign country. This R & D activity is referred as:

Select correct option:

Concentric diversification

**Market development**

Market penetration

Product development

21 Which analytical tool consists of a nine-cell matrix?

Select correct option:

Competitive Profile Matrix

SPACE Matrix

Grand Strategy Matrix

**Internal-External Matrix**

22 What is the most widely used technique for determining the best combination of debt and stock?

Select correct option:

**Earnings per share**

Return on stockholders' equity

Debt-to-equity ratio  
Capital budgeting

23. Which of the following is NOT a component of external environment analysis?  
Select correct option:

Customer satisfaction feedback  
Global impacts  
**Legal issues within the industry**  
Competitive position of rival companies

24. Which of the following groups represents the stakeholders of a company?  
Select correct option:

The owners of the company  
The people who purchases the shares of the company  
**The people who have a special stake or claim on the company**  
Are the people who are in the management a company

25. All of the specified approaches could be used to determine R&D budget allocation EXCEPT:  
Select correct option:

Financing as many projects as possible  
Using percentage-of-sales method  
**Budgeting irrelative to competitors**  
Deciding how many successful new products are needed

26. Which of the following statement is referred to 'Price fluctuation'?  
Select correct option:

Decrease in prices  
Increase in prices  
Fluctuation in the prices of a particular commodity  
**Fluctuation in general price level**

27. "A Good mission statement identifies the utility of a firm's products to its customers";  
which of the following represents this statement?  
Select correct option:

Organization's philosophy  
**Customer orientation**  
Social policy  
Declaration of attitude

28. Which of the following is NOT a Corporate level objective?  
Select correct option:

Achieving return on investment of at least 15%

**Aiming to achieve a market share of 10%**

Attaining operating profit of over Rs.10 million

Increase earnings per share by at least 10% every year

29. All of these are pitfalls an organization should avoid in strategic planning EXCEPT:  
Select correct option:

**Using plans as a standard for measuring performance.**

Using strategic planning to gain control over decisions and resources

Failing to involve key employees in all phases of planning

Being so formal in planning that flexibility and creativity are stifled

30. All of the following would be considered as opportunities for a business, EXCEPT:  
Select correct option:

Removal of international trade barriers

Emergence of unfulfilled customer need

**Emergence of substitute products**

loosening of regulations

31. Which one of the following is NOT a basic mission of a competitive intelligence program?  
Select correct option:

To provide a general understanding of an industry

To provide a general understanding of a company's competitors

**To identify industry executives who could be hired by the firm**

To identify potential moves a competitor might make that would endanger a firm

32. Which stage of the "Strategy Formulation Framework" includes an External Factor Evaluation Matrix and a Competitive Profile Matrix?  
Select correct option:

**Input stage**

Output stage

Matching stage

Decision stage

33. Which one of the following best describes the Rumelt's criterion "Consonance"?  
Select correct option:

Strategy should not present inconsistent goals and policies

**It refers to the need for strategies to examine sets of trends**

Strategy should neither overtaxes resources nor creates unsolvable sub problems

Strategy should provide the reaction or maintenance of competitive advantage

34. In adapting to change an organization must monitor which of the following?  
Select correct option:

Ongoing processes  
Internal and external events  
Timely changes

**All of the given options**

35. All of the following are the key opportunities or threats in external environment because of Political, Govt. & Legal force EXCEPT:

Select correct option:

Tax rates

**Trust in government**

Pak-India relationships

Patent laws

36. Question # 16 of 20 ( Start time: 01:50:46 PM ) Total Marks: 1

At least how many R & D approaches are used for the implementation of strategy?

Select correct option:

Two

Three

**Four**

Five

37. Exclusive access to high grade natural resources is an example of which of the following?

Select correct option:

**Strength**

Weakness

Opportunity

Threat

38. To whom a planning horizon of two to five years applies?

Select correct option:

**Top management**

Middle management

Lower management

All levels

39. All of the following are examples of marketing decisions that require policies EXCEPT:

Select correct option:

**To be a market leader or follower**

Whether to advertise online or not

Either to offer a complete or limited warranty



To use billboards for outdoor advertising

40. If market shares of competitors are declining whereas total industry sales are increasing, which strategy do you think may be the right one to pursue?

Select correct option:

Divestiture

**Market Penetration**

Market Development

Retrenchment

41. If market shares of competitors are declining whereas total industry sales are increasing, which strategy do you think may be the right one to pursue?

Select correct option:

Divestiture

**Market Penetration**

Market Development

Retrenchment

42. What is a central strategy-implementation technique that allows an organization to examine the expected results of various actions and approaches?

Select correct option:

Financial budgeting

TOWS analysis

**Projected financial statement**

External analysis

43. Which of the following is NOT a SPACE Matrix quadrant?

Select correct option:

Aggressive

Defensive

Competitive

**Offensive**

44. Identify the term that is known as a “mean of providing guidance to actions and procedures, including how resources are to be allocated and how tasks assigned to the organization might be accomplished”.

Select correct option:

Aspirations

Objectives

**Policies**

Goals

45. All of the following fall under the category of "Process" function of production management EXCEPT:

Select correct option:

Choice of technology

**Quality assurance**

Process flow analysis

Transportation analysis

46. Adding new but unrelated products or services for appealing present customers is known as:

Select correct option:

Forward integration

Backward integration

**Conglomerate diversification**

Horizontal diversification

47. What is the systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services?

Select correct option:

Management

Planning

**Marketing Research**

Market segmentation

48. Which category of ratios measures "how effectively a firm can maintain its economic position in the growth of the economy and industry"?

Select correct option:

Liquidity

Leverage

Activity

**Growth**

49. A & Ammar is the sole manufacturer of leather goods in Pakistan. Government has lowered the tax rates for this industry keeping in view of promoting other new firms to enter this industry. Lowering the tax rates of this industry will confront A & Ammar with which of the following?

Select correct option:

Strength

Weakness

Opportunity

**Threat**

50. Which of the following is NOT a SPACE Matrix quadrant?

Select correct option:

- Aggressive
- Defensive
- Competitive
- Offensive**

51. Which organizational structure has ambiguous roles for senior executives as a major disadvantage?

Select correct option:

- Strategic business unit**
- Functional structure
- Divisional structure
- Matrix structure

52. Which of the following refers to Kanban?

Select correct option:

- Manufacturing system
- Production unit
- Signals**
- Process

53. Which stage of the strategy-formulation framework consists of the Quantitative Strategic Planning Matrix?

Select correct option:

- Formulation framework
- Matching stage
- Decision stage**
- All of the given options

54. Which of the following statement is NOT true about Employee stock ownership plan?

Select correct option:

- These corporations are owned in whole or in part by their employees
- Their employees can buy shares at any time or after a certain length of employment
- Their shares are traded on public stock market**
- The profits of these corporations are shared with their employees

55. The external environmental trends and events that could significantly harm an organization in the future may be known as:

Select correct option:

- Strengths

Weaknesses  
Opportunities  
**Threats**

56. Din Mohammad, a farmer sells his crops at the local market rather than to a distribution center. This action of Din Mohammad comes under which of the following?  
Select correct option:

**Backward integration**  
Product development  
Forward integration  
Horizontal integration

57. What can be the limitation of QSPM?  
Select correct option:

Only a few strategies can be evaluated simultaneously.  
The cost of doing the analysis is very high.  
**Intuitive judgments and educated assumption are required.**  
It requires equal participation of everyone in organization.

58. Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:  
Select correct option:

Distribution efficiency  
Production efficiency  
**New investments**

Product innovation  
59. Which of these is not one of the tests used to determine whether a performance-pay plan will benefit an organization?  
Select correct option:

Do employees understand the plan?  
Is the plan improving communications?  
Does the plan pay out when it should?  
**Does the plan reduce management layers?**

60. Which one of the following strategies is referred as presenting products, often with a little or no modification, to customers in related marketing areas?  
Select correct option:

Market development  
**Market penetration**  
Horizontal integration  
Product development

61. Just in Time (JIT) system can be defined as:  
Select correct option:

Implementing strategies just before bankruptcy

**Delivering materials just as they are needed**

A scheduling method for meetings

A process for improving quality of products

62. All of the following would be considered as weaknesses to a business EXCEPT:  
Select correct option:

Maturing markets

Limited industry expertise

**Brand name**

Limited financial resources

63. All of the following are examples of marketing decisions that require policies EXCEPT:

Select correct option:

**To be a market leader or follower**

Whether to advertise online or not

Either to offer a complete or limited warranty

To use billboards for outdoor advertising

64. What is the product of weights and attractiveness scores for each strategy in QSPM?  
Select correct option:

Sum total attractiveness scores

**Total attractiveness scores**

Weighted scores

Total weighted scores

65. Which organizational structure has ambiguous roles for senior executives as a major disadvantage?

Select correct option:

**Strategic business unit**

Functional structure

Divisional structure

Matrix structure

66. Availability of existing substitute products can increase which of the following?  
Select correct option:

**The bargaining power of customers**

The bargaining power of suppliers

The threat of new entrants  
The threat of substitute products

67. Which of the following is a deliberate plan of action, guidelines, methods, procedures to guide decisions and achieve rational outcome?

Select correct option:

Annual objectives

Strategies

**Policies**

Goals

68. The organizations that conduct business operations across national borders are known as which of the following?

Select correct option:

Domestic firms

**Multinational corporations**

Parent companies

Franchises

69. Which one of the following is NOT a key external force?

Select correct option:

Social responsibility

Ozone reduction

**Company management**

Energy conservation

70. Which stage of the strategy-formulation framework focuses on generating feasible alternative strategies?

Select correct option:

Input

Output

Decision

**Matching**

71. "A Good mission statement identifies the utility of a firm's products to its customers"; which of the following represents this statement?

Select correct option:

Organization's philosophy

**Customer orientation**

Social policy

Declaration of attitude

72. Which of the following refers to the belief related to objectives setting that "the true

measure of a really good strategist is the ability to solve problems"?

Select correct option:

Managing by objectives

Managing by extrapolation

**Managing by crisis**

Managing by subjectives

73. All of the following would be considered organizational skills and resources that will be used in differentiation strategy EXCEPT which one?

Select correct option:

Strong research and development department

**Products designed for ease of manufacture**

Corporate reputation for quality and reliability

Creative, talented and skilled personnel

74. Which approach for managing and resolving conflict involves physical separating the conflicting individuals?

Select correct option:

**Avoidance**

Compliance

Diffusion

Confrontation

75. All of the specified approaches could be used to determine R&D budget allocation EXCEPT:

Select correct option:

Financing as many projects as possible

Using percentage-of-sales method

**Budgeting irrelative to competitors**

Deciding how many successful new products are needed

76. Retrenchment strategy should be followed by which one of the following firms?

Select correct option:

**Firm with its SPACE matrix vector in defensive quadrant**

Firm with its SPACE matrix vector in aggressive quadrant

Firm with its SPACE matrix vector in conservative quadrant

Firm with its SPACE matrix vector in competitive quadrant

77. What is the purpose of strategy evaluation?

Select correct option:

Increase the budget annually

**Alert management of problems**

Make budget changes  
Evaluate employees' performance

78. Research and development activity performed by R & D department of AZD company resulted in the introducing a telecommunications system in a foreign country. This R & D activity is referred as:  
Select correct option:

Concentric diversification  
**Market development**  
Market penetration  
Product development

79. All of the following would be considered as opportunities for a business, EXCEPT:  
Select correct option:

Removal of international trade barriers  
Emergence of unfulfilled customer need  
**Emergence of substitute products**  
Loosening of regulations

80. A & C Corporation currently possesses a low share of its available market. Moreover, this company's portfolio reveals it has extremely low market growth. A & C Corporation is most likely to be classed as which one of the following?  
Select correct option:

**Dog**  
Question mark  
Star  
Cash cow

81. Which statements best represents 'Restructuring'?  
Select correct option:

Radical redesign of an organization's process  
An agreement between two or more firms  
**Personnel downsizing and asset revaluation**  
Combination of two or more companies

82. Restructuring is also known as:  
Select correct option:

Up-sizing  
**Delayering**  
Diversifying  
Integrating



83. Exclusive access to high grade natural resources is an example of which of the following?

Select correct option:

**Strength**

Weakness

Opportunity

Threat

84. Identify the stages of strategic management process in a precise sequence.

Select correct option:

Strategy evaluation, strategy formulation & strategy implementation

Strategy evaluation, strategy implementation & strategy formulation

**Strategy formulation, strategy implementation & strategy evaluation**

Strategy implementation, strategy evaluation & strategy formulation

85. Which of the following statement is NOT correct about Just in Time?

Select correct option:

It reduces the in-process inventory

It is driven by a series of signals, or Kanban

**Re-order level is determined by existing demand**

New stock is ordered when stock reaches the re-order level

86. Which of the following are two negative-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

**CA and ES**

FS and IS

IS and ES

87. Which of the following is a Corporate level objective?

Select correct option:

Getting 75% customer awareness of company's brand in target markets

**Increasing earnings per share by at least 10%**

Building customer database of at least 250,000 companies

Achieving a 10% share of International market

88. When an industry relies heavily on government contracts, which of the following is important for the firm to foresee as a part of its external audit?

Select correct option:

Economic forces

**Political forces**

Technological forces  
Competitive forces

89. Strategies that are designed to appeal customers with a special sensitivity for a particular product attribute are dependent on which of the following?

Select correct option:

**Differentiation strategy**

Focus strategy

Niche strategy

Low cost strategy

90. What term refers to selling a division of an organization?

Select correct option:

Joint venture

**Divestiture**

Liquidation

Horizontal integration

91. All of the following tasks are performed by R&D employees and managers

EXCEPT:

Select correct option:

Transferring complex technology

Adapting processes to local markets

Adjusting process to local raw materials

**Make sure the availability of resource**

92. In the SPACE analysis, what does (+7, -6) coordinates depict?

Select correct option:

**A firm operating in a strong industry with an unstable environment**

A firm operating in a strong industry with a stable environment

A highly competitive firm operating in an unstable environment

A financially strong firm operating in an unstable environment

93. Market segmentation is especially used in implementing strategies by which of the following firms?

Select correct option:

**Small firms**

Medium-size firms

Large firms

**All of these firms**

94. Which of the following is the first step in the controlling function of management?

Select correct option:

Take corrective actions  
Restrict breaks employees take  
Evaluate expense reports

**Establish performance standards**

96. Which of the following ties all business functions together and provides the basis for all managerial decisions?

Select correct option:

Marketing

**Information**

Technology

Workforce

97. Which pay strategy is not a form of incentive compensation?

Select correct option:

Bonus

**Hourly wage**

Gain sharing

Profit sharing

98. Buyer switching costs is an important factor for which of the following forces?

Select correct option:

The intensity of competitive rivalry

The bargaining power of suppliers

The threat of new entrants

**The threat of substitute products**

99. Which one of the following statements best describes the sign of weakness of a company's competitive position?

Select correct option:

An after-tax return-on-equity below 15% and earnings per share less than \$1.00.

A higher cost of production and higher prices of products than the rivals.

**A declining market share, below standard quality products and fewer sales in market.**

Lower revenues and increasing cost of inputs than the market-share leader.

100. Which of the following immediately precedes the decision regarding organizational structure?

Select correct option:

External environment analysis

Internal environment analysis

### **Strategy formulation**

Mission statement formulation

101. A strategy involving major business modification usually associated with personnel downsizing and selling the part of company for the purpose of getting effectiveness at maximum is known as:

Select correct option:

**Restructuring**

Re-engineering

Downsizing

Divestiture

102. When an industry relies heavily on government contracts, which of the following is important for the firm to foresee as a part of its external audit?

Select correct option:

Economic forces

**Political forces**

Technological forces

Competitive forces

103. In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

SO Strategy

WO Strategy

SW Strategy

**ST Strategy**

104. Question # 4 of 20 ( Start time: 10:07:45 PM ) Total Marks: 1

Which of the following is NOT one of the major approaches to R&D?

Select correct option:

To be the first firm to market new technological products

To be an innovative imitator of successful products

To be a low-cost producer by mass-producing products

**To be a differentiated products manufacturer in industry**

105. What is a Just In Time (JIT)?

Select correct option:

**Inventory management system**

Human resource management system

Sales management system

Financial management system

106. Strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions which is usually done by all of the following

EXCEPT:

Select correct option:

Chairman of the company

Board of directors

Chief executive officer

**Marketing officer**

107. Long-term objectives are needed at which level(s) of the organization?

Select correct option:

Corporate level

Divisional level

Functional level

**All of the given options**

108. What is the most widely used technique for determining the best combination of debt and stock?

Select correct option:

**Earnings per share**

Return on stockholders' equity

Debt-to-equity ratio

Capital budgeting

109. If technology is changing rapidly and the market is growing slowly then what decision the firm should take regarding R & D?

Select correct option:

In-house R&D is the preferred solution

Acquisition of a well-established firm in the industry

**A major effort in R&D may be very risky**

Obtain R&D expertise on a nonexclusive basis

110. Effective mission statements don't have one of the following features:

Select correct option:

Generate range of feasible strategic alternatives

Reconcile interests among diverse stakeholders

**What does the firm want to become**

Provide criteria for selecting strategies

111. Which of the following depicts the signs of strength of a company's competitive position?

Select correct option:

A debt-to-asset ratio below 0.50 and higher EPS.

A website with extensive information about the company and its product line.

An annual R&D and advertising expenditures greater than \$10 million.

**A strongly differentiated product, a strong or rising market share.**

112. All of the following are the key opportunities or threats in external environment because of Political, Govt. & ILegal force EXCEPT:

Select correct option:

Tax rates

**Trust in government**

Pak-India relationships

Patent laws

113. According to Freund, Which one of the following should NOT be the characteristics of key external factors?

Select correct option:

Measurable

**Relatively few in number**

Applicable to all competing firms

Important to achieve long-term objectives

114. Which of the following environment includes all those factors which affect the organization and itself affected by the organization?

Select correct option:

External environment

Social environment

**Task environment**

Internal environment

115. Financial benefits of strategic management includes all of the following EXCEPT:

Select correct option:

Progression in profitability

**Improvement in employee productivity**

Expansion in the sales of business

Enhancement in productivity

116. IE Matrix consists of how many cells?

Select correct option:

Seven

Eight

**Nine**

Ten

116. Which of the following can be considered one of the factors of external opportunities and threats of an organization?

Select correct option:

Production/ operations

Research & development

**Competitive trends**

Management information system

117. Which of the following refers to determining the best capital structure for the company?

Select correct option:

Restructuring decisions

**Financing decisions**

Strategic decision

Investment decision

118. Which category of ratios measures “how effectively a firm can maintain its economic position in the growth of the economy and industry”?

Select correct option:

Liquidity

Leverage

Activity

**Growth**

119. Which of the following is best identified as a statement that presents “a firm's big picture statement, describing a desired end-state, general in scope, and not restrictive”?

Select correct option:

Corporate philosophy statement

Company creed

**Vision statement**

Mission statement

120. A strategy involving major business modification usually associated with personnel downsizing and selling the part of company for the purpose of getting effectiveness at maximum is known as:

Select correct option:

**Restructuring**

Re-engineering

Downsizing

Divestiture

121. External assessment is performed in which of the following strategic-management phase?

► **Strategy formulation stage**

► Strategy implementation stage

► Strategy evaluation stage

► All of the given options

122. Which of the following can reveal the demographic characteristics of an organization’s customers?

Select correct option:

**Customer profiling**

Test marketing

Market development

The vision statement

123. Which of the following is best identified as being an adaptation of the divisional structure?

Select correct option:

Vertical Integration

**Strategic business units**

Joint venture  
None of the given options

124. Strategy formulation stage includes all of the following EXCEPT:  
Select correct option:

Vision and mission  
Strength and weakness  
Opportunities and threats  
**Annual objectives**

125. All of the following would be considered as weaknesses to a business EXCEPT:  
Select correct option:

Maturing markets  
Limited industry expertise  
**Brand name**  
Limited financial resources

126. Which of the following ties all business functions together and provides the basis for all managerial decisions?  
Select correct option:

Marketing  
**Information**  
Technology  
Workforce

127. Which category of ratios measures a firm's ability to meet maturing short-term obligations?  
Select correct option:

Profitability  
Leverage  
**Liquidity**  
Activity

128. The in-house R & D is a preferred solution in which of the following situation:  
Select correct option:

**Technological progress is slow and market growth is moderate**  
Technology is changing rapidly and market is growing slowly  
If technology is changing slowly and market is growing quickly  
If both, technological progress and market growth rate are fast

129. Which management function includes breaking tasks into jobs, combining jobs to form departments and delegating authority?  
Select correct option:



Motivating  
Staffing  
**Organizing**  
Planning

130. IE matrix is based on which dimensions?  
Select correct option:

Market share and industry growth  
Financial strength and industry strength  
**Weighed scores of IFE and EFE matrices**  
Market growth and competitive position

131. Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?  
Select correct option:

Economic forces  
Social, cultural and, demographic forces  
**Political, governmental, and legal forces**  
Competitive forces

132. What is the appropriate time frame for Strategy-evaluation activities?  
Select correct option:

At the beginning of a problem  
**On a continuous basis**  
Upon completion of major projects  
After the close of financial year

133. Which one of the followings best describes this statement; “The conditions that a company must satisfy in order to be able to enter an industry”?  
Select correct option:

Economies of scale  
**Barriers to entry**  
Differentiation  
Competitive environment

134. Which of the following is a limitation of financial budgets?  
Select correct option:

Quarterly or other periodic reforecast are not possible  
Over budgeting or under budgeting do not cause problems  
**Financial budgets can become a substitute for objectives**  
Budgets reveal inefficiencies if based solely on precedent

135. All of the following are the managerial issues for managing natural environment EXCEPT:

Select correct option:

Global warming- depletion of rain forests

**Employee understanding about environment**

Developing biodegradable products and packages

Waste management to clean air and water

136. Which of the following refers to Kanban?

Select correct option:

Manufacturing system

Production unit

**Signals**

Process

137. The organizations that conduct business operations across national borders are known as which of the following?

Select correct option:

Domestic firms

**Multinational corporations**

Parent companies

Franchises

138. Which strategy is appropriate when an organization competes in an industry characterized by rapid technological developments?

Select correct option:

Retrenchment

**Product development**

Liquidation

Market penetration

139. Which one of the following strategies is referred as presenting products, often with a little or no modification, to customers in related marketing areas?

Select correct option:

Market development

**Market penetration**

Horizontal integration

Product development

140. Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?

Select correct option:

Does the firm have an effective sales organization?

Are markets segmented effectively?

Are the firm's products and services priced appropriately?

**Does the firm have good liquidity?**

145. Which of the followings best describes the Horizontal integration?

Select correct option:

A firm takes over a supplier

A firm takes over a distributor

**A firm takes over a competitor**

A firm takes over a manufacturer

146. Strategist is an individual who is involved in the strategic management process, thus may be known as:

Select correct option:

Member board of director

**President**

Division manager

All of the given options

147. BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?

Select correct option:

Market share and industry strength

**Market share and market growth rate**

Market growth rate and competitive position

Market growth rate and environment stability

148. According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?

Select correct option:

I

II

III

**IV**

149. All of the following are the key questions that can reveal internal strengths and weaknesses in the management department EXCEPT:

Select correct option:

Is the organization's structure appropriate?

Are reward and control mechanisms effective?

**Are the organization's products positioned well?**

Does the firm use strategic management concepts?

150. Which one of the following is the most dramatic new market segmentation strategy?

Select correct option:

Targeting on Geographic variables

**Targeting of regional tastes**

Targeting on Behavioral variables

Targeting on gender and age

151. Which group would be classified as a stakeholder?

Select correct option:

Communities

Banks

**Suppliers**

All of the given options

152. What is the appropriate time frame for Strategy-evaluation activities?

Select correct option:

At the beginning of a problem

**On a continuous basis**

Upon completion of major projects

After the close of financial year

153. Which of the following is the process of influencing people to accomplish specific objectives?

Select correct option:

Staffing

**Motivating**

Controlling

Organizing

154. Which approach for managing and resolving conflict involves playing down differences between conflicting parties while stressing on similarities and common interests?

Select correct option:

Avoidance

Compliance

**Diffusion**

Confrontation

155. Integration strategies are sometimes collectively referred to as which of these strategies?

Select correct option:

Horizontal integration

Forward integration

Hierarchical integration

**Vertical integration**

156. Which of the following is one of the Political, Governmental & legal factors?

Select correct option:

Ethical concerns

Traffic congestion

**Lobbying activities**

Average level of education

157. In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

SO Strategy

WO Strategy

SW Strategy

**ST Strategy**

**158.** Where usage rate of present customers of the company can be increased significantly and the current markets are not saturated, which strategy would be effective for the company to follow?

Select correct option:

**Market Penetration**

Product Development

Market Development

Retrenchment

**159.** Which one of the following statements best describes the sign of weakness of a company's competitive position?

Select correct option:

An after-tax return-on-equity below 15% and earnings per share less than \$1.00.

A higher cost of production and higher prices of products than the rivals.

**A declining market share, below standard quality products and fewer sales in market.**

Lower revenues and increasing cost of inputs than the market-share leader.

**160.** All of the following are included in the five functions of the management process EXCEPT:

Select correct option:

Planning

Organizing

Leading

**Delegating**

**161.** Strategy formulation techniques can be integrated into how many stages of decision making framework?

Select correct option:

Two

**Three**

Four

Five

**162.** The SMART goal criteria 'Relevant' suggests which one of the following?

Select correct option:

Are you able to assess your progress?

Do you know exactly what you want to accomplish?

**Is your goal relevant towards your purpose in life?**

What is the deadline for completing your goal?

**163.** Which of the following was NOT included in Borden's marketing mix?

Select correct option:

Product planning

Display

### **Styling**

Physical handling

164. All of the following are the steps for the development of IE matrix EXCEPT:

Select correct option:

Plot IFE total weighted scores on the x-axis

Plot EFE total weighted scores on the y axis

Determine the region into which the division falls

**Determine the quadrant where position vector lies**

165. Defensive strategies include all of the following EXCEPT:

Select correct option:

Retrenchment

**Acquisition**

Divestiture

Liquidation

166. The inventory is viewed as which of the following in Just In Time Inventory system:

Select correct option:

**Incurring costs**

Adding value

Disburse expense

None of the above options

167. The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

Select correct option:

Financial budget

Relative importance of departments

**On political or personal factors**

Relative cost of each resources

168. The total weighted score of IFE matrix developed for XYZ corporation is 3.5.

Which of the following statement is TRUE about XYZ Corporation in the light of IFE matrix total weighted score?

Select correct option:

Corporation has strong external position

Corporation has weak internal position

**Corporation has strong internal position**

Corporation has weak external position

169. Which of the following is a way on the basis of which divisional structure can NOT be organized?

Select correct option:

By geographic area

By product or service

By customer

**By technology**

170. Reasons due to which some firms do “No Strategic Planning” incorporate all of the following EXCEPT:

Select correct option:

Wastage of time

Fire-fighting

Content with success

**Privileged reward structures**

171. The effort made by a firm in R & D may be risky in which of the following situation:

Select correct option:

Technological progress is slow and market growth is moderate

**Technology is changing rapidly and market is growing slowly**

If technology is changing slowly and market is growing quickly

If both, technological progress and market growth rate are fast

172. What is NOT a major benefit of having a diverse workforce?

Select correct option:

Improvement of the bottom line

**An increase in training costs**

An increase in productivity

A decrease in complaints

173. Which one of the following is the organizational structure that most of the medium-size organizations follow?

Select correct option:

**Divisional structure**

Strategic business unit

Functional structure

Matrix structure

174. Smoothies Tire & Rubber Co. is selling its North American tire business to Avinza International, is an example of which type of strategy?

Select correct option:

Related diversification

Retrenchment

**Divestiture**

Liquidation

175. Which of the following period strategic management was considered to be cure for all problems?

Select correct option:

Mid 1950s to mid 1960s

**Mid 1960s to mid 1970s**

Mid 1970s to mid 1980s

Mid 1980s to mid 1990s

176. Which of the following immediately precedes the decision regarding organizational structure?

Select correct option:

External environment analysis

Internal environment analysis

**Strategy formulation**

Mission statement formulation

177. Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?

Select correct option:

Does the firm have an effective sales organization?  
Are markets segmented effectively?  
Are the firm's products and services priced appropriately?

**Does the firm have good liquidity?**

Question # 1 of 20 ( Start time: 02:20:11 PM ) Total Marks: 1

An organization's division that has a low relative market share position and competes in a slow-growth industry is known as:

Select correct option:

**Dog**

Question mark

Star

Cash cow

Question # 2 of 20 ( Start time: 02:20:26 PM ) Total Marks: 1

Which of these is the allocation and reallocation of capital and resources to projects, products, assets and divisions of an organization?

Select correct option:

**Investment decision**

Financing decisions

Restructuring decisions

Strategic decision

Question # 3 of 20 ( Start time: 02:20:58 PM ) Total Marks: 1

Which of the following is a limitation of financial budgets?

Select correct option:

Quarterly or other periodic reforecast are not possible

Over budgeting or under budgeting do not cause problems

**Financial budgets can become a substitute for objectives**

Budgets reveal inefficiencies if based solely on precedent

Question # 4 of 20 ( Start time: 02:21:21 PM ) Total Marks: 1

What are the four dimensions of a SPACE matrix?

Select correct option:

Environmental stability; Industrial strength; Competitive advantage; Market growth rate

**Environmental stability; Industrial strength; Competitive advantage; Financial strength**

Industrial strength; Competitive advantage; financial strength; Market share

Environmental stability; Industrial strength; Market growth rate; Market share

Question # 5 of 20 ( Start time: 02:21:44 PM ) Total Marks: 1

Assigning a rate=2 in IFE matrix indicates what?

Select correct option:



A major weakness

**A minor weakness**

A minor strength

A major strength

Question # 6 of 20 ( Start time: 02:21:57 PM ) Total Marks: 1

The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

Select correct option:

Financial budget

Relative importance of departments

**On political or personal factors**

Relative cost of each resources

Question # 7 of 20 ( Start time: 02:22:17 PM ) Total Marks: 1

Principles of conduct that guide decision-making are known as:

Select correct option:

Human rights

**Business ethics**

The constitution

Social responsibility

Question # 8 of 20 ( Start time: 02:22:50 PM ) Total Marks: 1

What happens to the demand for discretionary goods when interest rates rise?

Select correct option:

Rises

**Declines**

Remains the same

First rises then declines

Question # 9 of 20 ( Start time: 02:23:38 PM ) Total Marks: 1

The SMART goal criteria 'Relevant' suggests which one of the following?

Select correct option:

Are you able to assess your progress?

Do you know exactly what you want to accomplish?

**Is your goal relevant towards your purpose in life?**

What is the deadline for completing your goal?

Question # 10 of 20 ( Start time: 02:23:50 PM ) Total Marks: 1

Backward integration is effective in all of the following situations EXCEPT:

Select correct option:

When an organization competes in an industry that is growing rapidly

When an organization needs to acquire a needed resource quickly

**When the advantage of stable prices are not important**

When present suppliers have high profit margins

Question # 11 of 20 ( Start time: 02:24:57 PM ) Total Marks: 1

J I T stands for:

Select correct option:

Just inter time

Just into time

**Just in time**

Just in technique

Question # 12 of 20 ( Start time: 02:25:11 PM ) Total Marks: 1

All of the following fall under the category of "Process" function of production management EXCEPT:

Select correct option:

Choice of technology

**Quality assurance**

Process flow analysis

Transportation analysis

Question # 13 of 20 ( Start time: 02:25:43 PM ) Total Marks: 1

Which of the following is NOT a component of external environment analysis?

Select correct option:

Customer satisfaction feedback

Global impacts

**Legal issues within the industry**

Competitive position of rival companies

Question # 14 of 20 ( Start time: 02:26:03 PM ) Total Marks: 1

Which analytical tool consists of a nine-cell matrix?

Select correct option:

Competitive Profile Matrix

SPACE Matrix

Grand Strategy Matrix

**Internal-External Matrix**

Question # 15 of 20 ( Start time: 02:26:16 PM ) Total Marks: 1

Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?

Select correct option:

Does the firm have an effective sales organization?

Are markets segmented effectively?

Are the firm's products and services priced appropriately?

**Does the firm have good liquidity?**

Question # 16 of 20 ( Start time: 02:26:38 PM ) Total Marks: 1

Which of the following are two negative-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

**CA and ES**

FS and IS

IS and ES

Question # 17 of 20 ( Start time: 02:26:50 PM ) Total Marks: 1

The purpose of an external audit is to prepare a list of which of the following?

Select correct option:

Opportunities and weaknesses

Threats and strengths

**Opportunities and threats**

Strengths and weaknesses

Question # 18 of 20 ( Start time: 02:27:04 PM ) Total Marks: 1

The last remedy for Quadrant II firm is to follow which strategy?

Select correct option:

Horizontal integration

Market development

Forward integration

**Divestiture**

Question # 19 of 20 ( Start time: 02:28:31 PM ) Total Marks: 1

Which of the following refers to the belief related to objectives setting that "there is no general plan for which way to go and what to do"?

Select correct option:

Managing by crisis

Managing by extrapolation

Managing by hope

**Managing by subjectives**

Question # 20 of 20 ( Start time: 02:29:02 PM ) Total Marks: 1

The general conditions for competition that influence business firms, which provide similar products and services is known:

Select correct option:

Remote environment

International environment

External environment

**Industry environment**

Which one of the following statement is TRUE about EBIT (Earnings Before Interest and Taxes)?

It is calculated as revenue minus depreciation and interest expanses

**It is calculated as revenue minus expenses excluding tax and interest**

It is calculated as revenue minus cost of good sold and sales taxes

It is calculated as revenue minus selling and administrative expenses

Which matrix is included in the decision stage of the strategy formulation framework?

IE Matrix

**QSPM matrix**

BCG

Space

On the y-axis of IE Matrix, an EFE total weighted score of 3.97 is considered what?

Low

Medium

**High**

Weak

Integration strategies are sometimes collectively referred to as which of these strategies?

Select correct option:

Horizontal integration

Forward integration

Hierarchical integration

**Vertical integration**

Firms located in which quadrant of the Grand Strategy Matrix are in an excellent strategic position?

**1**

2

3

4

What is the last stage of three-stage strategy formulation framework?

Formulation

**Decision**

Matching

None of them

What are historical narratives describing the unique accomplishments of a group and its leaders, usually in heroic terms?

Rites

**Sagas**

Stories

Myths

Which one of the following is the characteristic of Question marks?

Excess cash generation

**Low cash generation**

Opportunities for growth

No-market-growth industry

**“A desired future state that the organization attempts to realize”. Identify the term relevant to the given statement**

Policy

Procedure

**Goal**

Strategy

**Which alternative becomes more attractive financing technique when cost of capital is high?**

Debt financing

Combination financing

**Raising equity**

Borrowing

**Which of these is not one of the tests used to determine whether a performance-pay plan will benefit an organization?**

Do employees understand the plan?

Is the plan improving communications?

Does the plan pay out when it should?

**Does the plan reduce management layers?**

**Which of the following statement applies to Vision Statement?**

**Describes the purpose of existence of an organization**

Identify the customers of the organization

The key measure or measures of the organization's success

Depict the values of an organization

**Which of the following refers to determining the best capital structure for the company?**

Restructuring decisions

**Financing decisions**

Strategic decision

Investment decision

**All of the following are the examples of pricing decisions EXCEPT:**

Volume discount

Bundling

Price flexibility

**Repair and supports**

**Which statements best represents 'Restructuring'?**

Radical redesign of an organization's process

An agreement between two or more firms

**Personnel downsizing and asset revaluation**

Combination of two or more companies

**Which of the following arise when a company can take advantage of conditions in its environment to formulate and implement strategies that enable it to become more profitable?**

Strengths

**Opportunities**

Weaknesses

Threats

**Which one of the following is NOT a SMART criterion?**

Measurable

**Strategy**

Achievable

Relevant

**Which of the following refers to the belief related to objectives setting that "the true measure of a really good strategist is the ability to solve problems"?**

Managing by objectives

Managing by extrapolation

**Managing by crisis**

Managing by subjectives

**Which is the most important benefit required from restructuring?**

Employee impalement

**Cost reduction**

Increased morale

Increased innovation

**Solved these quizz by urself..**

**Which of the following can be best described as short-term in nature?**

**Select correct option:**

Mission statements

**Annual objectives**

Strategies

Vision statement

**Which of the following are the factors that concern the nature and direction of the economy in which a firm operates?**

**Select correct option:**

Technological

Ecological

Social

[Economic](#)

**Which one of the followings best describes this statement; "The conditions that a company must satisfy in order to be able to enter an industry"?**

**Select correct option:**

Economies of scale

[Barriers to entry](#)

Differentiation

Competitive environment

**During which stage of strategic management, firm's specific internal strengths and weaknesses are determined?**

**Select correct option:**

[Formulation](#)

Implementation

Evaluation

Feedback

**Which of the following arise when a company can take advantage of conditions in its environment to formulate and implement strategies that enable it to become more profitable?**

**Select correct option:**

Strengths

[Opportunities](#)

Weaknesses

Threats

**Which statement is CORRECT about strategic-management process?**

**Select correct option:**

It occurs once a year

[It is a continuous process](#)

It applies mostly to large business

It applies mostly to small businesses

**Ethnic balance is affected due to which of the following?**

**Select correct option:**

Change in ethnic values

Awareness of ethnic norms

[Migration of the people towards different areas](#)

Introduction of new laws relating to ethnicity

**The organizations that conduct business operations across national borders are known as which of the following?**

**Select correct option:**

Domestic firms

[Multinational corporations](#)

Parent companies

Franchises

**Which of the following is the greatest advantage of international operations?**

**Select correct option:**

Reduced tariffs and taxes

Access to global business practices

[Gaining new customers](#)

Less-intense competition

**Which of the following are developed in strategy implementation phase of strategic management?**

**Select correct option:**

Vision and mission

[Annual objectives](#)

Strengths and weaknesses

Opportunities and threats

**Which of the following is not a strategy-implementation activity?**

**Select correct option:**

[Long term goals and objectives](#)

Developing strategy supportive culture

Redirecting marketing efforts

Developing and utilizing information system

**Strategy implementation includes developing strategy supportive culture, creating an effective organizational structure, redirecting marketing efforts, preparing budgets, developing and**



utilizing information system and linking employee compensation to organizational performance.

The mission statement answers which of the following question?

Select correct option:

What is our business?

How can we improve ourselves?

[What do we want to become?](#)

Who are our stakeholders?

Where an organization takes into account the effect of its strategic decisions on the society, the firm is taking care of which of these?

Select correct option:

Corporate governance

Business policy

Business ethics

[Social policy](#)

Which of the following is best identified as a statement that presents "a firm's big picture statement, describing a desired end-state, general in scope, and not restrictive"?

Select correct option:

Corporate philosophy statement

Company creed

[Vision statement](#)

Mission statement

While preparing an External Factor Evaluation matrix, a total score of 0.8 indicates what?

Select correct option:

Firm is taking advantages of strengths and avoiding threats

Firm is not taking advantages of opportunities and is avoiding threats

Firm is not taking advantages of opportunities and is not avoiding threats

[Firm is taking advantage of opportunities and is avoiding the threats](#)

Question # 3 of 10 ( Start time: 02:02:21 AM ) Total Marks: 1

External forces directly affects all of the following EXCEPT:

Select correct option:

Market segmentation strategies

Types of products/services offered

## [Management structure of organization](#)

### Choice of businesses to acquire or sell

Attitudes of people in the external environment  
Lifestyles of people  
Per capita income  
Values and beliefs of persons outside the firm

### Which type of trend can be exemplified by the increase in average level of education in a society?

#### [Social](#)

Economic  
Cultural  
Technological

### A Good mission statement identifies the utility of a firm's products to its customers"; which of the following represents this statement?

Organization's philosophy  
Customer orientation  
Social policy  
Declaration of attitude

#### [Customer orientation](#)

### Which of the following can be the weakness of an organization?

Price war

#### [Poor location of business](#)

Increased trade barriers  
Innovative substitute product

### Which one of the followings best describes this statement; "The conditions that a company must satisfy in order to be able to enter an industry"?

Economies of scale

#### [Barriers to entry](#)

Differentiation  
Competitive environment

### Which one variable falls under the category of the Social, Cultural, Demographic, and Environmental Variable?

Propensity of people to spend

#### [Buying habits](#)

Level of disposable income  
Income differences by region

**Which one of the following is NOT a basic mission of a competitive intelligence program?**

To provide a general understanding of an industry

To provide a general understanding of a company's competitors

[To identify industry executives who could be hired by the firm](#)

To identify potential moves a competitor might make that would endanger a firm

**Political variables have a significant effect on which one of the following?**

[Formulation and implementation of strategy](#)

Formulation and Evaluation of a strategy

Implementation and evaluation of a strategy

Formulation, implementation and evaluation of a strategy

**The mission statement answers which of the following question?**

[What is our business? \(correct\)](#)

How can we improve ourselves?

What do we want to become?

Who are our stakeholders?

**Which of the following statement is TRUE about a Vision statement of a company?**

[It concentrates on future](#)

It defines the customers

It identify critical processes

It informs about the desired level of performance

**All of the following statements are true about a firm's mission statement EXPECT:**

A mission statement does not directly contribute positively to financial performance.

A mission statement directly contributes positively to financial performance.

[A mission statement should not provide useful criteria for selecting among alternative strategies. \(correct\)](#)

Primary reason to develop a mission statement is not to attract the customers

Which of the following best describe piece rate system?

- ▶ **The increased volume of production results in decreased cost of production**
- ▶ The increased volume of production in minimum time
- ▶ Establishment of fair standard rates

- ▶ Higher output is a result of efficient management

Which of the following is **NOT** an assumption of the basic economic-order quantity model?

- ▶ Annual demand is known
- ▶ Ordering cost is known
- ▶ Carrying cost is known

▶ **Quantity discounts are available**

All of the following are deducted from gross Profit to calculate Operating income **EXCEPT**:

- ▶ Selling expenses
- ▶ Advertising expenses
- ▶ Administrative expenses
- ▶ **Financial expenses**

The salary of factory clerk is treated as:

- ▶ Direct labor cost
- ▶ **Indirect labor cost**
- ▶ Conversion cost
- ▶ Prime cost

The components of the conversion cost are:

- ▶ Direct Material + Direct Labor + Other Direct Cost
- ▶ **Direct Labor + FOH**
- ▶ Prime Cost + FOH + Other Direct Cost
- ▶ Prime Cost + FOH

In cost accounting, Avoidable loss is charged to which of the following?

- ▶ Factory overhead control account
- ▶ **Work in process control account**
- ▶ Marketing overhead control account
- ▶ Administration overhead control account

Which of the following functions are fulfilled by Goods Received Note?

- Provides information to update the inventory records on receipt of goods
- Provides information to check the quantity on the supplier's invoice
- Provides information to check the price on the supplier's invoice

- ▶ (i) only
- ▶ **(i) and (ii) only**
- ▶ (i) and (iii) only
- ▶ **(ii) and (iii) only**

Overhead absorption rate (OAR) can be calculated as:

- ▶ Direct labor cost / Direct Labor hours
- ▶ **Estimated FOH / Direct Labor hours**

- ▶ Prime cost/ Estimated FOH
- ▶ Prime cost/ Direct labor cost

Which of the following would be considered as factory overhead using a job order cost system?

- ▶ Direct materials
- ▶ Direct labor
- ▶ Depreciation on factory buildings
- ▶ Salesperson's salary
- ▶ Salesperson's salary

If, Basic Salary                      Rs.10,000

Per Piece commission Rs. 5

Unit sold                              700 pieces

What will be the COMMISSION?

- ▶ Rs. 3,500
- ▶ Rs. 13,500
- ▶ Rs. 10,000
- ▶ Rs. 6,500

With reference to cost of production report, cost accounted for as follows is also known as:

- ▶ Cost reconciliation
- ▶ Bank reconciliation
- ▶ Cash reconciliation
- ▶ Capital reconciliation

Identify units transferred out with the help of given data:

	Units
Units still in process (100%material, 75% conversion )	4,000
Lost units	2,000
Units started in process	50,000

- ▶ 6,000 units

► 44,000 units

► 52,000 units

► 56,000 units

The difference over the period of time between actual and applied FOH will usually be minimal when the predetermined overhead rate is based on:

► Normal capacity

► Designed capacity

► Direct Labor hours

► Machine hours

The cost that is subject to actual payment or will be paid for in future is called:

► Fixed cost

► Step cost

► Explicit cost

► Imputed cost

Cost of material consumed under LIFO costing method is Rs. 6,000. Conversion Cost is Rs. 16,500. 1,000 units of the product were manufactured out of which 800 @ Rs. 30 units sold. There were no beginning and ending inventories of work in process and finished goods.

**Required:** Calculate per unit cost with the help of given information.

► Rs. 22.50

► Rs.16.50

► Rs. 6.00

► Rs. 28.13

Calculate total salary received with the given data.

Salary	Rs.5000
Per Piece commission	10 % per piece
Unit sold	700 pieces
Price per piece	Rs. 10

► Rs. 5,100

► Rs. 5,000

► Rs. 5,600

► Rs. 5,700

Which cost accumulation procedure is best suited to a continuous mass production process of similar units?

- Job order costing
- **Process costing**
- Standard costing
- Actual costing

Which of the following method of inventory valuation is not recommended under IAS 02?

- **LIFO**
- FIFO
- Weighted Average
- Both LIFO & FIFO

Which of the following are basic inventories for a manufacturing concern?

- Indirect materials, goods in process, and raw materials
- Finished goods, raw materials, and direct materials
- **Raw materials, goods in process, and finished goods**
- Raw materials, factory overhead, and direct labor

If the cost per equivalent unit is Rs. 1.60. The equivalent units of output are 50,000. The WIP closing stock is 10,000 units, 40% completed. What will be the value of closing stock?

- Rs. 9,600
- Rs. 80,000
- Rs. 16,000
- **Rs. 6,400**

Consider the following data:

Salary	Rs.5000
Per Piece commission	10 % per piece
Unit sold	700 pieces
Price per piece	Rs. 10
Amount of commission received	?

- Rs. 100
- Rs. 500
- Rs. 600
- **Rs. 700**

**Question No: 32 ( Marks: 1 ) - Please choose one**

Lost units (Normal loss)	500 units
Units received from preceding department	13,500 units
Units completed in this department	11,750 units

**Required:** Identify units still in process with the help of above data.

- **1,250 units**
- 14,000 units
- 12,250 units

- ▶ 1,750 units

The journal entry of Material purchase on credit under perpetual inventory system is:

- ▶ Inventory account (Dr) Material account (Cr)
- ▶ Account payable (Dr.) Purchases account (Cr)
- ▶ **Inventory account (Dr) Account payable account (Cr)**
- ▶ Purchases account (Dr) Accounts payable account (Cr)

A direct cost is identified by which of the following feature?

- ▶ Its behavior
- ▶ **Its traceability**
- ▶ Its controllability
- ▶ Its relevance

**INCOME BEFORE INTEREST AND TEX**

**OTHER INCOME**

**OPERATING INCOME**

**GROSS PROFIT**

**Pay roll sheet include except**

**Gross income**

**Net income**

**Tax rebate**

**Statuary and non statuary**

Inventory of Rs. 96,000 was purchased during the year. The cost of goods sold was Rs. 90,000 and the ending inventory was Rs. 18,000. What was the inventory turnover ratio for the year?

- ▶ 5.0 times
- ▶ 5.3 times
- ▶ **6.0 times**
- ▶ 6.4 times

Discuss the advantages and disadvantages of the group bonus scheme?

Write the formula of abortion and discuss it base?

EQUILENT production material, lab. FOH (CALUCLATION WALA THAA)

PRIME COST (CALUCLATION WALA THAA)



**Question No: 1 ( Marks: 1 ) - Please choose one**  
**Which of the following is the greatest advantage of international operations?**

- ▶ Reduced tariffs and taxes
- ▶ Access to global business practices
- ▶ **Gaining new customers**
- ▶ Less-intense competition

**Question No: 2 ( Marks: 1 ) - Please choose one**  
**Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?**

- ▶ Technology
- ▶ **Philosophy**
- ▶ Customers
- ▶ Self-concept

**Question No: 3 ( Marks: 1 ) - Please choose one**  
**One of the important components of a mission statement is Technology, which of the following question is correct about technology as a mission component?**

- ▶ Is the firm using technology for the manufacturing its products?
- ▶ **Is the firm technologically current?**
- ▶ Is the firm producing technology oriented products (like electronics)?
- ▶ Is the firm using technology to deal with customer complaints?

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**Question No: 4 ( Marks: 1 ) - Please choose one**  
**The purpose of an external audit is to prepare a list of which of the following?**

- ▶ Opportunities and weaknesses
- ▶ Threats and strengths
- ▶ **Opportunities and threats**
- ▶ Strengths and weaknesses

**Question No: 5 ( Marks: 1 ) - Please choose one**  
**What will happen to the Pakistani exports in overseas markets when there is a strong value of rupee?**

- ▶ Pakistani exports will be less expensive
- ▶ **Pakistani exports will be more expensive**
- ▶ Pakistani exports will be more attractive
- ▶ Pakistani exports will be desirable

**Question No: 6 ( Marks: 1 ) - Please choose one**  
**Which of the following is TRUE about anti-trust legislation?**

- ▶ The is the law intended to protect the ozone layer in the environment
- ▶ This is the law intended to regulate the tax rates in the economy
- ▶ **This is the law intended to promote free competition in the market**
- ▶ This is the law intended to regulate and register the patents

law intended to promote free competition in the market place by outlawing monopolies

**Question No: 7 ( Marks: 1 ) - Please choose one**  
**Which of the following is one of the Political, Governmental & Legal factors?**

- ▶ Ethical concerns
- ▶ Traffic congestion
- ▶ **Lobbying activities**
- ▶ Average level of education

**Political, Governmental, and Legal Forces**

- Government Regulation  
Key opportunities & key threats
- Antitrust legislation (Microsoft)
  - Tax rates
  - Lobbying efforts
  - Patent laws

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Which one of the following is NOT is a basic mission of a competitive intelligence program?**

- ▶ To provide a general understanding of an industry
- ▶ To provide a general understanding of a company's competitors
- ▶ **To identify industry executives who could be hired by the firm**
- ▶ To identify potential moves a competitor might make that would endanger a firm

**Question No: 9 ( Marks: 1 ) - Please choose one**

**Which one of the statements is a good example of the competitive power of substitute products?**

- ▶ **The competition between cellular phones and computers**
- ▶ The competition between Aspirin and joshanda
- ▶ The competition between contact lens and eyeglasses
- ▶ The competition between Amazon.com and traditional off-line bookstores

**Question No: 10 ( Marks: 1 ) - Please choose one**

**In Porter's Five Forces, the 'threat of new entrants' relates to which factor?**

- ▶ **Barriers to entry**
- ▶ Substitutes
- ▶ Switching cost
- ▶ Buyer power

**Question No: 11 ( Marks: 1 ) - Please choose one**

**Which one of the following best describes "a substitute product or service"?**

- ▶ A competitor's product or service
- ▶ **An alternative way of meeting the same need**
- ▶ A new entrant into the industry
- ▶ A less attractive way of meeting the same need

**Question No: 12 ( Marks: 1 ) - Please choose one**

**Which of the following can be the strength of an organization?**

- ▶ A developing market
- ▶ A new international market
- ▶ Loosening of regulation
- ▶ **Strong management team**

**Question No: 13 ( Marks: 1 ) - Please choose one**

**What is Synergy?**

- ▶ An act of formulating a program for a definite course of action
- ▶ **When a team effort is used to achieve desired results**
- ▶ When individuals work separately to achieve desired results
- ▶ When financial expectations of the firm are decided upon

**Question No: 14 ( Marks: 1 ) - Please choose one**

**Which of the following function of management is concerned with span of control and chain of command?**

- ▶ Planning

► **Organizing**

- Controlling
- Evaluating

**Question No: 15 ( Marks: 1 ) - Please choose one**

**All of the following are the consideration for a company when conducting test marketing EXCEPT:**

► **What advertising channel should be used for test?**

- How many cities to include for test?
- What information to collect during the test?
- What action to take after the test has been completed?

**Question No: 16 ( Marks: 1 ) - Please choose one**

**The IFE matrix summarizes and evaluates which factors in the functional areas of a business?**

- Opportunities and threats

► **Strengths and weaknesses**

- Strengths and threats
- Opportunities and weaknesses

**Question No: 18 ( Marks: 1 ) - Please choose one**

**Which of these strategies is effective when the number of suppliers is small and the number of competitors is large?**

- Conglomerate diversification
- Forward integration

► **Backward integration**

- Horizontal diversification

**Guidelines for Backward Integration:**

Six guidelines when backward integration may be an especially effective strategy are:

- . When present suppliers are expensive, unreliable, or incapable of meeting needs
- . Number of suppliers is small and number of competitors large
- . High growth in industry sector
- . Firm has both capital and human resources to manage new business
- . Advantages of stable prices are important
- . Present supplies have high profit margins

**Question No: 20 ( Marks: 1 ) - Please choose one**

**Market penetration is one of the intensive strategies. Which one of the following best describes market penetration?**

- Protecting and strengthening the organization's sales by improving present products or services or developing new products
- Protecting and strengthening the organization's position in new markets through its current products

► **Protecting and strengthening the organization's position in its current markets through its current products**

- Protecting and strengthening the organization's position by adding new, unrelated products for present customers

**Question No: 21 ( Marks: 1 ) - Please choose one**

**Mostly large firms are initiating plans to acquire another unrelated business because it represents the most promising investment opportunity that is available to them. This type of strategic plan is known as:**

► **Conglomerate diversification**

- Backward integration

- ▶ Concentric diversification
- ▶ Divestiture

**Question No: 22 ( Marks: 1 ) - Please choose one**  
**Ahmad Textiles and Superior Textiles have come with each other in cross-manufacturing agreement, the firms are going for which of the following?**

- ▶ Liquidation
- ▶ Acquisition
- ▶ **Joint venture**
- ▶ Takeover

**Question No: 23 ( Marks: 1 ) - Please choose one**  
**When ABC Corporation makes decisions that assist it in formulating and implementing plans designed to achieve its objectives, it is most likely to engage in which one of the following?**

- ▶ **Strategic Management**
- ▶ Strategy Utilization
- ▶ Strategic Processing
- ▶ Strategic Formality

**Question No: 24 ( Marks: 1 ) - Please choose one**  
**Adapting to change confronts an organization's strategic management to which of the following issue(s):**

- ▶ What kind of business we should be in?
- ▶ Are we in the right field?
- ▶ Should we reshape our business?
- ▶ **All of the given options**

**Question No: 25 ( Marks: 1 ) - Please choose one**  
**Non-financial benefits of strategic management include all of the following EXCEPT:**

- ▶ Enhanced awareness of threats
- ▶ Reduced resistance to change
- ▶ **Increase in sales**
- ▶ Better awareness of external threats

**Question No: 26 ( Marks: 1 ) - Please choose one**  
**\_\_\_\_\_ is the principle of conduct that guides decision-making.**

- ▶ Human rights
- ▶ **Business ethics**
- ▶ The constitution
- ▶ Social responsibility

**Question No: 27 ( Marks: 1 ) - Please choose one**  
**Which of the following should be created first and foremost by a strategist?**

- ▶ Strategy
- ▶ Objectives
- ▶ **Vision**
- ▶ Mission

**Question No: 28 ( Marks: 1 ) - Please choose one**  
**Which of the following statements describes a company's strategic vision?**

- ▶ **Gives a broad, aspiration image of the future that an organization is aiming to achieve**

- ▶ Sets forth the long-range financial and strategic performance targets that organization seeks to achieve
- ▶ Indicates the boundaries of the company's present business
- ▶ Reflects how strategic objectives are to be achieved

**Which of the following can be considered as a factor of internal strengths and weaknesses of an organization?**

- ▶ Technological changes
- ▶ **Production/operations**
- ▶ Demographics
- ▶ Competitive trends

**Question No: 2 ( Marks: 1 ) - Please choose one**

**The objectives set by a manager should have which of the following characteristics?**

- ▶ Should spell out how fast the company's strategy is to be implemented
- ▶ **Should be challenging and congruent among organizational units**
- ▶ Should include long-range performance targets but not short-range targets
- ▶ Should include financial performance targets but not strategic performance targets

Objectives are essential for organizational success because they state direction; aid in evaluation; create synergy; reveal priorities; focus coordination; and provide a basis for effective planning, organizing, motivating and controlling activities. Objectives should be challenging, measurable, consistent, reasonable, and clear. In a multidimensional firm, objectives should be established for the overall company and for each division.

**Question No: 3 ( Marks: 1 ) - Please choose one**

**All of the following are the examples of a broad mission EXCEPT:**

- ▶ The firm deals in beverages
- ▶ **We sell quality skimmed milk**
- ▶ Stationery is our product
- ▶ Company manufactures food items

**Broad Mission:**

Broad mission wider our mission values in terms of product and services, offered, market served, technology used and opportunity of growth. But main flow of this mission that if creates confusion among employee due to its wider sense.

**Question No: 4 ( Marks: 1 ) - Please choose one**

**Which of the following business actions is NOT considered to be unethical?**

- ▶ Poor product or service safety
- ▶ **Using non-union labor in a union shop**
- ▶ Misleading advertising
- ☐ Too expensive products    WRONG

PAGE 15: Some business actions *a/ways* considered to be unethical include misleading advertising or labeling, causing environmental harm, poor product or service safety, padding expense accounts, insider trading, dumping banned or flawed products.

**Question No: 5 ( Marks: 1 ) - Please choose one**

**"A Good mission statement identifies the utility of a firm's products to its customers"; which of the following represents this statement?**

- ▶ Organization's philosophy
- ▶ **Customer orientation**
- ☐ Social policy                      WRONG
- ▶ Declaration of attitude

**A Customer Orientation**

Good mission statement identifies the utility of a firm's products to its customers. This is why AT&T's mission statement focuses on communication rather than on telephones'

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Where an organization takes into account the effect of its strategic decisions on the society, the firm is taking care of:**

- ▶ Corporate governance
- ▶ Business policy
- ▶ Business ethics
- ▶ **Social policy**

**Question No: 7 ( Marks: 1 ) - Please choose one**

**External assessment is performed in which of the following strategic-management phase?**

- ▶ **Strategy formulation stage**
- ▶ Strategy implementation stage
- ▶ Strategy evaluation stage
- ▶ All of the given options

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Suppose, the value of the currency of a certain country falls, what can be the effect on companies in Different Industries and in Different Locations in that country respectively?**

- ▶ Significant and equal
- ▶ Marginal and equal
- ▶ **Significant and unequal**
- ▶ Insignificant and unequal

**Question No: 10 ( Marks: 1 ) - Please choose one**

**Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?**

- ▶ Economic forces
- ▶ **Political, governmental, and legal forces**
- ▶ Social, cultural and, demographic forces
- ▶ Competitive forces

Page 36: Impact of political variables on government regulations:

☐ Government regulation/deregulation ☐ Tax law changes ☐ Special tariffs ☐ Political Action Committees (PACs) ☐ Voter participation rates ☐ Number of patents ☐ Changes in patent laws

**Question No: 11 ( Marks: 1 ) - Please choose one**

**Which one of the following is NOT is a basic mission of a competitive intelligence program?**

- ▶ To provide a general understanding of an industry
- ▶ To provide a general understanding of a company's competitors
- ▶ **To identify industry executives who could be hired by the firm**
- ▶ To identify potential moves a competitor might make that would endanger a firm

**Question No: 12 ( Marks: 1 ) - Please choose one**

**Which of the following arise when a company can take advantage of conditions in its environment to formulate and implement strategies that enable it to become more profitable?**

- ▶ Strengths
- ▶ **Opportunities**
- ▶ Weaknesses
- ▶ Threats

**Question No: 13 ( Marks: 1 ) - Please choose one**

**Assigning 1 rating to a key external factor indicates that:**

- ▶ Response is superior
- ▶ Response is above average
- ▶ Response is average
- ▶ **Response is poor**

page44: Assign a 1-to-4 rating to each key external factor to indicate how effectively the firm's current strategies respond to the factor, where = 4 the response is superior, 3 = the response is above average, 2 = the response is average, and 1 = the response is poor.

**Question No: 14 ( Marks: 1 ) - Please choose one**  
**Assigning rating '2' to an internal factor in IFE matrix indicates what?**

- ▶ Major weakness
- ▶ **Minor weakness**
- ▶ Minor strength
- ▶ Major strength

page47: Assign a 1-to-4 rating to each factor to indicate whether that factor represents a major weakness (rating = 1), a minor weakness (rating = 2), a minor strength (rating = 3), or a major strength (rating = 4). Note that strengths must receive a 4 or 3 rating and weaknesses must receive a 1 or 2 rating.

**Question No: 15 ( Marks: 1 ) - Please choose one**  
**Life-directing attitudes that serve as behavioral guidelines are known as:**

- ▶ **Values**
- ▶ Rites
- ▶ Beliefs
- ▶ Sagas

Page 52: Values: Life-directing attitudes that serve as behavioral guidelines

**Question No: 16 ( Marks: 1 ) - Please choose one**  
**Which of the following is the first step in the controlling function of management?**

- ▶ Take corrective actions
- ▶ Restrict breaks employees take
- ▶ Evaluate expense reports
- ▶ **Establish performance standards**

Page 59: Controlling consists of four basic steps:

1. Establishing performance standards
2. Measuring individual and organizational performance
3. Comparing actual performance to planned performance standards
4. Taking corrective actions

**Question No: 17 ( Marks: 1 ) - Please choose one**  
**The steps required to perform cost/benefit analysis include all BUT:**

- ▶ Comparing the total costs with the total benefits
- ▶ Figure out the total costs associated with a decision
- ▶ **Approximation of the total benefits from the decision**
- ▶ Adding the total cost and total benefit

Page 63: Three steps are required to perform a *cost/benefit analysis*:

- ☐ Compute the total costs associated with a decision,
- ☐ Estimate the total benefits from the decision, and
- ☐ Compare the total costs with the total benefits.

**Question No: 18 ( Marks: 1 ) - Please choose one**  
**Which of the following ratios is least likely to be helpful in evaluating a firm's decision regarding dividend?**

- ▶ Earnings-per-share ratio
- ▶ **Long-Term Debt-to-Equity Ratio**
- ▶ Dividends-per-share ratio
- ▶ Price-earnings ratio

**Question No: 19 ( Marks: 1 ) - Please choose one**

**Which of the following is the first step in developing an IFE Matrix?**

- ▶ Summing the weighted scores for each variable
- ▶ **Identifying the organization's strengths and weaknesses**
- ▶ Identifying the organization's functions of business
- ▶ Determining the lead strategist

**Page75: Internal Factor Evaluation (IFE) Matrix.** This strategy-formulation tool summarizes and evaluates the major **strengths and weaknesses** in the functional areas of a business, and it also provides a basis for identifying and evaluating relationships among those areas.

**Question No: 20 ( Marks: 1 ) - Please choose one**

**The business strategy decided upon by ABC Corporation is one that engages it in production of goods that are low in cost as compared to its competitors. ABC Company is perusing which one of the following strategy?**

- ▶ Differentiation strategy
- ▶ Focus strategy
- ▶ Niche strategy
- ▶ **Cost leadership strategy**

**Question No: 21 ( Marks: 1 ) - Please choose one**

**The strategy embraced by Ahmad Bros. is to address the needs of a very selected and specialized market segment. Ahmad Bros. is most likely to engage in which one of the following types of strategy?**

- ▶ Differentiation strategy
- ▶ Best value strategy
- ▶ **Focus strategy**
- ▶ Low cost strategy

**Page87: Focus Strategy - Cost Focus**

In this strategy the firm concentrates on a select few target markets. It is also called a focus strategy or niche strategy. It is hoped that by focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market.

**Question No: 22 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT a situation when an organization should use an unrelated diversification strategy?**

- ▶ When an organization's present channels of distribution can be used to market the new products to current customers
- ▶ **Revenues from current products/services would increase significantly by adding the new related products**

- ▶ When an organization competes in a highly competitive and/or a no-growth industry
- ▶ When the new products have counter-cyclical sales patterns compared to an organization's present products

Revenues from current products/services would increase significantly by adding the new **unrelated** products

**Question No: 23 ( Marks: 1 ) - Please choose one**

**Smoothies Tire & Rubber Co. is selling its North American tire business to Avinza International, is an example of which type of strategy?**

- ▶ Related diversification
- ▶ Retrenchment
- ▶ **Divestiture**
- ☐ Liquidation

**Page 94: Divestiture**

Selling a division or part of an organization is called *divestiture*. Divestiture often is used to raise capital for further strategic acquisitions or investments.

**Question No: 24 ( Marks: 1 ) - Please choose one**



**A joining of two companies through one company buying more than one half of the other company's stocks is known as:**

- ☐ Monopolization
- ☒ **A spin-off**
- ☐ An acquisition
- ☐ A merger

**Question No: 25 ( Marks: 1 ) - Please choose one**

**Which of the following environment includes all those factors which affect the organization and is itself affected by the organization?**

- ☒ **Task environment**
- ☐ Social environment
- ☐ External environment
- ☐ Internal environment

**Page 9: Task Environment:**

Task environment includes all those factors which affect the organization and itself affected by the organization. These factor effects the specific related organizations. These factors are shareholders community, labor unions, creditor, customers, competitors, trade associations.

**Question No: 26 ( Marks: 1 ) - Please choose one**

**Which of the following is a key merit of strategic management?**

- ☒ **Strategic management enables an organization to be proactive**
- ☐ Strategic management enables an organization to avoid the threats
- ☐ Strategic management enables an organization to defeat their competitors
- ☐ Strategic management enables an organization to foresee into the future

**Page 11: Following are the major benefits of Strategic management:**

- ☐ Proactive in shaping firm's future
- ☐ Initiate and influence actions
- ☐ Formulate better strategies (Systematic, logical, rational approach)

**Question No: 27 ( Marks: 1 ) - Please choose one**

**Developing vision and mission statements is important because of the following reasons EXCEPT:**

- ☐ They are the basis for allocating resources
- ☒ **They are useful for large firms only**
- ☐ They establish organizational culture
- ☐ They translate objectives into work structure

**Question No: 28 ( Marks: 1 ) - Please choose one**

**All of the following are the circumstances when forward integration strategies are beneficial to be practiced EXCEPT:**

- ☐ Availability of quality distributors is limited wrong
- ☒ **Existing markets for present products are saturated**
- ☐ Advantages of stable production are high
- ☐ Present distributors have high profit margins

**Page 82: Guidelines for the use of integration strategies:**

Six guidelines when forward integration may be an especially effective strategy are:

- ☐ Present distributors are expensive, unreliable, or incapable of meeting firm's needs
- ☐ Availability of quality distributors is limited
- ☐ When firm competes in an industry that is expected to grow markedly
- ☐ Organization has both capital and human resources needed to manage new business of distribution
- ☐ Advantages of stable production are high
- ☐ Present distributors have high profit margin

**Question No: 1 ( Marks: 1 ) - Please choose one**

**Which of the following is an example of a narrow mission?**

► **We sell packaged pineapples**

- The firm deals in beverages
- Stationery is our product
- Company manufactures food items

**Question No: 3 ( Marks: 1 ) - Please choose one**

**The organizations that conduct business operations across national borders are known as:**

► **Multinational corporations**

- Domestic firms
- Strategic alliances
- Franchises

**Question No: 4 ( Marks: 1 ) - Please choose one**

**A mission statement should "reconcile interests among diverse stakeholders". What does it mean?**

- All shareholders must be satisfied
- Shareholders should be given preference over customers
- **Firm will devote attention to meeting claims of various stakeholders**
- Firm will devote its attention towards the maximization of shareholders value

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Which of the following is one of the Political, Governmental & Legal factors?**

- Ethical concerns
- Traffic congestion
- **Lobbying activities**
- Average level of education

**Political, Governmental, and Legal Forces**

Government Regulation

Key opportunities & key threats

- Antitrust legislation (Microsoft)
- Tax rates
- Lobbying efforts
- Patent laws

**Question No: 9 ( Marks: 1 ) - Please choose one**

**Use of the Internet and Internet technologies can be integrated into the sales of on-line as well as off-line business and marketing portion of the value chain through which of the following?**

- Through software that permits customers to specify build-to-order options
- Through online product catalogs containing rich product information and specifications
- Via online price quotes and online announcements of special sales and promotions
- **All of the given options**

**Question No: 10 ( Marks: 1 ) - Please choose one**

**Which of the following statement is TRUE about Internal audit?**

► **It is done parallel to external audit**

- It is done before external audit
- It is done after external audit
- None of the given options

The process of performing an *internal audit* closely parallels the process of performing an external audit.

**Question No: 11 ( Marks: 1 ) - Please choose one**

**All of the following are included in the five functions of the management process except:**

- ▶ Planning
- ▶ Organizing
- ▶ Leading
- ▶ **Delegating**

**Question No: 12 ( Marks: 1 ) - Please choose one**

**Which of the following statement is correct about distinctive competence?**

- ▶ Is usually tied closely to the ability of a company's manufacturing capability and/or its proprietary technology and know-how
- ▶ Nearly always resides in the ability of the company's assets on its balance sheet rather than in its people
- ▶ Is better suited in helping companies defend against external threats than in pursuing external market opportunities
- ▶ **Is a unique thing that a firm does really well and that quality or attribute sets it aside from its competitors**

**Question No: 14 ( Marks: 1 ) - Please choose one**

**Amir, a sole proprietor, uses the information system to ask the question; "What if the prices will decrease by 16% in the next year?" Which of the following functions the information system is performing for Amir?**

- ▶ Functional support role
- ▶ **Decisional support role**
- ▶ Managerial support role
- ▶ Analytical supporting role

The decision support role

The business decision-making support function goes one step further. It becomes an integral part -- even a vital part -- of decision-making. It allows users to ask very powerful "What if..." questions:

**Question No: 16 ( Marks: 1 ) - Please choose one**

**Which of the following is sometimes referred as "the mystery approach to decision making, when subordinates are left to figure out what is happening and why"?**

- ▶ Managing by hope
- ▶ Managing by extrapolation
- ▶ Managing by crisis
- ▶ **Managing by subjectives**

Managing by Subjective—built on the idea that there is no general plan for which way to go and what to do; just do the best you can to accomplish what you think should be done. In short, "Do your own thing, the best way you know how" (sometimes referred to as the mystery approach to decision making because subordinates are left to figure out what is happening and why).

**Question No: 17 ( Marks: 1 ) - Please choose one**

**The Web sites that sell products directly to the consumers are the examples of which type of strategy?**

- ▶ Backward integration
- ▶ Product development
- ▶ **Forward integration**
- ▶ Horizontal integration

**Question No: 18 ( Marks: 1 ) - Please choose one**

**Khawar Garments, a domestic firm begins to export to India, it is an example of which of the following?**

- ▶ Horizontal integration

► **Market development**

- Forward integration
- Concentric diversification

Market Development: Introducing present products or services into new geographic area

**Question No: 19 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT a situation when an organization should use an unrelated diversification strategy?**

- When an organization's present channels of distribution can be used to market the new products to current customers

► **Revenues from current products/services would increase significantly by adding the new related products**

- When an organization competes in a highly competitive and/or a no-growth industry
- When the new products have counter-cyclical sales patterns compared to an organization's present products

Let me explain what is unrelated diversification It is when a business adds new, or unrelated, product lines. For example, the phone company might decide to go into the television business or into the radio business

(zh,vuzs.nov10)

**Question No: 20 ( Marks: 1 ) - Please choose one**

**Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?**

► **Liquidation**

- Integration
- Differentiation
- Diversification

**Question No: 21 ( Marks: 1 ) - Please choose one**

**When both divestiture and retrenchment have been pursued unsuccessfully, which of the following strategies is effective to pursue?**

- Forward integration

► **Liquidation**

- Merger
- Takeover

**Guidelines for Liquidation**

Three guidelines when liquidation may be an especially effective strategy to pursue are:

When both retrenchment and divestiture have been pursued unsuccessfully

If the only alternative is bankruptcy, liquidation is an orderly alternative

When stockholders can minimize their losses by selling the firm's assets

**Question No: 22 ( Marks: 1 ) - Please choose one**

**Which of the following enables the firm to create superior value for its customers and superior profits for itself in comparison to its rival firms?**

► **Competitive advantage**

- Comparative advantage
- Differential advantage
- Suitable advantage

**Question No: 23 ( Marks: 1 ) - Please choose one**

**During which of the following periods, Strategic Management was considered to be cure for all problems?**

► **Mid 1960s to mid 1970s**

- Mid 1970s to mid 1980s

- ▶ Mid 1980s to mid 1990s
- ▶ Mid 1950s to mid 1960s

In 1960; s and 70 it was consider to be panacea for problems. But in 1980; s two important revolutions

**Question No: 24 ( Marks: 1 ) - Please choose one**

**In which of the given phases of strategic management, strategies are put into action?**

- ▶ Strategy formulation
- ▶ **Strategy implementation**
- ▶ Strategy evaluation
- ▶ All of the given options

**Question No: 26 ( Marks: 1 ) - Please choose one**

**"If a strategist has identified that the market growth rate is 8 %, the number of sellers in industry are 52 and the industry's products are differentiated." Which of the following industry's success factor is he exploring?**

- ▶ Social forces
- ▶ Competitive forces
- ▶ Political forces
- ▶ **Economic forces**

**Question No: 27 ( Marks: 1 ) - Please choose one**

**Which of the following is the decision support role of Management Information System?**

- ▶ Processing marketing records into marketing plans
- ▶ **Allowing users to ask "What if" questions**
- ▶ Recording and storing such as human resource records
- ▶ Processing operations records into production schedules

**Question No: 28 ( Marks: 1 ) - Please choose one**

**A series of ratios that measure the extent to which a firm has been financed by debt is known as:**

- ▶ Activity ratios
- ▶ **Leverage ratios**
- ▶ Profitability ratios
- ▶ Liquidity ratios

Leverage ratios measure the extent to which a firm has been financed by debt.

**Question No: 1 ( Marks: 1 ) - Please choose one**

**Long-term objectives includes all of the following EXCEPT:**

- ▶ Measurable
- ▶ Reasonable
- ▶ **Varying**
- ▶ Consistent

**Pg#9**

Objectives should be challenging, measurable, consistent, reasonable, and clear. In a multidimensional firm, objectives should be established for the overall company and for each division.

**Question No: 2 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT included in the strategic management model?**

- ▶ Measure and evaluate performance
- ▶ Establish long-term objectives
- ▶ Develop mission and vision statements

► **Perform internal research to identify customers**

P#49

**Question No: 4 ( Marks: 1 ) - Please choose one**

**“Identifying and evaluating social, political, economic, technological and competitive trends and events”; which of the followings best describes this statement?**

- Developing an effective mission statement
- Conducting an internal audit

► **Performing an external audit**

- Formulating strategy

**Pg#29**

To perform an external audit, a company first must gather competitive intelligence and information about social, cultural, demographic, environmental, economic, political, legal, governmental, and technological trends. Individuals can be asked to monitor various sources of information such as key magazines, trade journals, and newspapers

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Rehman industries, a leading firm of the industry is analyzing the technological forces for the firm which may provide it opportunities and threats for which stage/s of strategic management process?**

► **Strategy formulation**

- Strategy implementation
- Strategy evaluation
- All of the given options

Technological forces represent major opportunities and threats that must be considered in formulating strategies

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Which of the following best describes this statement; “A systematic and ethical process for gathering and analyzing information about the competition’s activities and general business trends to further a business’ own goals”?**

- External assessment
- Industry analysis

► **Competitive intelligence program**

- Business ethics

**Pg#42**

**Competitive Intelligence Programs**

Systematic and ethical process for gathering and analyzing information about the competition’s activities and general business trends to further a business’ own goals.

**Question No: 10 ( Marks: 1 ) - Please choose one**

**Which of the following statements is correct in relation to the Five Forces framework?**

► **The framework is a means of identifying the forces which affect the level of competition in an industry**

- The framework identifies the major stakeholders of an organization
- The framework assists in developing a broad perspective on the environment within which an organization operates
- It is not appropriate in public sector management and for small organizations

**Pg#143**

Five forces -- the bargaining power of customers, the bargaining power of suppliers, the threat of new entrants, and the threat of substitute products -- combine with other variables to influence a fifth force, the level of competition in an industry. Each of these forces has several determinants:

**Question No: 11 ( Marks: 1 ) - Please choose one**

While preparing an External Factor Evaluation Matrix, a total score of 0.8 indicates that:

- ▶ Firm is taking advantages of strengths and avoiding threats
- ▶ Firm is taking no advantage of opportunities and is avoiding threats
- ▶ **Firm is not taking advantages of opportunities and is not avoiding threats (right one)**
- ▶ Firm is taking advantage of opportunities and is avoiding the threats

**Question No: 12 ( Marks: 1 ) - Please choose one**

Internal analysis involves gathering and analyzing information about all areas of a firm **EXPECT:**

- ▶ Research and development
- ▶ Management information system
- ▶ Marketing

▶ **Competitors**

**Pg#49**

**Internal Audit** is Parallels process of external audit. It gathers & assimilates information from:

- o Management
- o Marketing
- o Finance/accounting
- o Production/operations
- o Research & development
- o Management information systems

**Question No: 14 ( Marks: 1 ) - Please choose one**

One of the top level manager of a large manufacturing plant uses to spend her day trying to ensure that the material wastage is not more than 10%. She spends her day in performing which of the following management functions?

- ▶ Planning
- ▶ Organizing
- ▶ Leading

▶ **Controlling**

**Question No: 15 ( Marks: 1 ) - Please choose one**

Waseem & Sons primarily want to gain control over the prices charged to consumers. What strategy will most likely be followed by Waseem & Sons?

- ▶ Market penetration
- ▶ Product development

▶ **Forward integration**

- ▶ Concentric Diversification

**PG#81**

**Forward integration:** Gaining ownership or increased control over distributors or retailers  
*Forward integration* involves gaining ownership or increased control over distributors or retailers.

**Question No: 17 ( Marks: 1 ) - Please choose one**

What is meant by Focused Differentiation?

- ▶ Concentrating on a particular feature of a product or service to achieve differentiation
- ▶ concentrating on differentiation as the primary means of achieving competitive advantage

▶ **Providing a high perceived value product to a selected market segment which justifies a substantial price premium**

- ▶ Simultaneously seeking to achieve differentiation and a price lower than that of competitors

Focus differentiation is about targeting a particular market segment.

**Question No: 19 ( Marks: 1 ) - Please choose one**

Under which of the following conditions, Concentric Diversification would be particularly an effective strategy to pursue?

► When an organization has grown so large so quickly that major internal reorganization is needed

► **When sales of current products would increase intensively by adding the new related products**

► When revenues from current products/services would increase significantly by adding the new unrelated products

► When current products are in maturity stage of the product life cycle(right one)

**PG#91**

#### **Guidelines for Concentric Diversification**

Five guidelines when concentric diversification may be an effective strategy are provided below: Five guidelines when concentric diversification may be an effective strategy are provided below:

Competes in no- or slow-growth industry

Adding new & related products increases sales of current products

New & related products offered at competitive prices

**Current products are in decline stage of the product life cycle**

Strong management team

**Question No: 20 ( Marks: 1 ) - Please choose one**

The company acquires or develops new products that could appeal to its current customer groups even though those new products may be technologically unrelated to the existing product lines. Which of the following best describes the statement?

► Retrenchment

► **Horizontal diversification**

► Market development

► Horizontal integration

**PG#92**

Adding new, unrelated products or services for present customers is called *horizontal diversification*.

**Question No: 21 ( Marks: 1 ) - Please choose one**

Abdullah Group of Industries is involved in the sale of its marginal business. It is most likely to say that Abdullah Group is implementing \_\_\_\_\_ strategy.

► Join venture

► Acquisition

► Liquidation

► **Retrenchment**

**PG#93**

During retrenchment, strategists work with limited resources and face pressure from shareholders, employees, and the media. Retrenchment can entail selling off land and buildings to raise needed cash, pruning product lines, **closing marginal businesses**, closing obsolete factories, automating processes, reducing the number of employees, and instituting expense control systems.

**Question No: 22 ( Marks: 1 ) - Please choose one**

**Mergers and acquisitions are created for all of the following reasons EXCEPT:**

► For gaining new technology

► For reduction of tax obligations

► For gaining economies of scale

► **For increase in number of employees**

**Question No: 24 ( Marks: 1 ) - Please choose one**

\_\_\_\_\_ is the principle of conduct that guides decision-making.

► Human rights

► **Business ethics**

► The constitution

► Social responsibility



**PG#14**

**Business Ethics and Strategic Management**

**Definition:**

*Business ethics* can be defined as principles of conduct within organizations that guide decision making and behavior.

**Question No: 26 ( Marks: 1 ) - Please choose one**

**Which of the following is FALSE about vision and mission statements?**

▶ **Vision statement gives the overall purpose of an organization while a mission statement describes a picture of the preferred future**

- ▶ A vision statement describes how the future will look if the organization achieves its mission and a mission statement explains what the organization does
- ▶ Mission statement answers the questions what is our business and the vision statement answers the question what do we want to become
- ▶ Mission statement explains the current position and activities of a firm whereas vision statement explains the future objective

**Question No: 27 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT a key question that can reveal internal strengths and weaknesses of the marketing department?**

- ▶ Does the firm have effective sales?
- ▶ **Are markets segmented effectively?**
- ▶ Are the firm's products and services priced appropriately?
- ▶ Does the firm have good liquidity? (right one)

**Question No: 2 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT included in the strategic management model?**

- ▶ Measure and evaluate performance
- ▶ Establish long-term objectives
- ▶ Develop mission and vision statements
- ▶ **Perform internal research to identify customers**

**P#49**

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Which of the following best describes this statement; "A systematic and ethical process for gathering and analyzing information about the competition's activities and general business trends to further a business' own goals"?**

- ▶ External assessment
- ▶ Industry analysis
- ▶ **Competitive intelligence program**
- ▶ Business ethics

**Pg#42**

**Competitive Intelligence Programs**

Systematic and ethical process for gathering and analyzing information about the competition's activities and general business trends to further a business' own goals.

**Question No: 10 ( Marks: 1 ) - Please choose one**

**Which of the following statements is correct in relation to the Five Forces framework?**

▶ **The framework is a means of identifying the forces which affect the level of competition in an industry**

- ▶ The framework identifies the major stakeholders of an organization
- ▶ The framework assists in developing a broad perspective on the environment within which an organization operates
- ▶ It is not appropriate in public sector management and for small organizations

**Pg#143**

Five forces -- the bargaining power of customers, the bargaining power of suppliers, the threat of new entrants, and the threat of substitute products -- combine with other variables to influence a fifth force, the level of competition in an industry. Each of these forces has several determinants:

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- ▶ Concentrating on a particular feature of a product or service to achieve differentiation
  - ▶ concentrating on differentiation as the primary means of achieving competitive advantage
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  - ▶ Simultaneously seeking to achieve differentiation and a price lower than that of competitors
- Focus differentiation is about targeting a particular market segment.

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**PG#91**

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Strong management team

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- ▶ For gaining economies of scale
- ▶ **For increase in number of employees**

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- ▶ Human rights
- ▶ **Business ethics**
- ▶ The constitution
- ▶ Social responsibility

**PG#14**

### **Business Ethics and Strategic Management**

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- ▶ **Are markets segmented effectively?**
- ▶ Are the firm's products and services priced appropriately?
- ▶ Does the firm have good liquidity? (right one)

**PG#63**

### **Marketing Audit Checklist of Questions**

Similarly as provided earlier for management, the following questions about marketing are pertinent:

1. **Are markets segmented effectively?**
2. Is the organization positioned well among competitors?
3. Has the firm's market share been increasing?
4. Are present channels of distribution reliable and cost-effective?
5. **Does the firm have an effective sales organization?**
6. Does the firm conduct market research?
7. Are product quality and customer service good?
8. **Are the firm's products and services priced appropriately?**
9. Does the firm have an effective promotion, advertising, and publicity strategy?
10. Are marketing planning and budgeting effective?
11. Do the firm's marketing managers have adequate experience and training?

Question No: 28 ( Marks: 1 ) - Please choose one

"A desired future state that the organization attempts to realize". Identify the term relevant to the given statement.

- ▶ **Goal (right one)**
- ▶ Strategy
- ▶ Policy
- ▶ Procedure

A goal is a desired future state that the organization attempts to realize.2 Goals are important because organizations exist for a purpose and goals define

Question No: 1 ( Marks: 1 ) - Please choose one

Various job titles of a strategist may include all of the following **EXCEPT**:

- ▶ Owner

► **Foreman**

- Chancellor
- Chief executive officer

Ref:

Strategists have various job titles, such as chief executive officer, president, and owner, chair of the board, executive director, chancellor, dean, or entrepreneur.

**Question No: 3 ( Marks: 1 ) - Please choose one**

**All of these are pitfalls of an organization in strategic planning EXCEPT:**

- Failing to involve key employees in all phases of planning
- Using strategic planning to gain control over decisions and resources

► **Using plans as a standard for measuring performance**

- Being so formal in planning that flexibility and creativity are stifled

Ref:

Some pitfalls to watch for and avoid in strategic planning are provided below:

1. Using strategic planning to gain control over decisions and resources
2. Doing strategic planning only to satisfy accreditation or regulatory requirements
3. Too hastily moving from mission development to strategy formulation
4. Failing to communicate the plan to employees, who continue working in the dark?
5. Top managers making many intuitive decisions that conflict with the formal plan
6. Top managers not actively supporting the strategic-planning process
7. Failing to use plans as a standard for measuring performance
8. Delegating planning to a "planner" rather than involving all managers
9. Failing to involve key employees in all phases of planning
10. Failing to create a collaborative climate supportive of change
11. Viewing planning to be unnecessary or unimportant
12. Becoming so engrossed in current problems that insufficient or no planning is done
13. Being so formal in planning that flexibility and creativity are stifled.

**Question No: 5 ( Marks: 1 ) - Please choose one**

**A mission statement should “reconcile interests among diverse stakeholders”. What does it mean?**

- All shareholders must be satisfied
- Shareholders should be given preference over customers

► **Firm will devote attention to meeting claims of various stakeholders**

- Firm will devote its attention towards the maximization of shareholders value

**Question No: 13 ( Marks: 1 ) - Please choose one**

Sana has spent a day in a session where the future of her company was discussed. The people involved were trying to determine what the role of their company was as the 21st century approaches. Goals were then developed based upon their vision of the company's mission. Sana spent her day on which of the following process?

► **Planning**

- Organizing
- Leading
- Controlling

**Question No: 15 ( Marks: 1 ) - Please choose one**

**Which of the following allows an organization to test alternative marketing plans and to forecast future sales of new products?**

- ▶ Marketing
- ▶ Advertisement
- ▶ **Test marketing**
- ▶ Customer analysis

Ref: One of the most effective product and service planning techniques is test marketing. Test markets allow an organization to test alternative marketing plans and to forecast future sales of new products

**Question No: 16 ( Marks: 1 ) - Please choose one**

**Which of the following has/have been successful in determining R&D budget allocations?**

- ▶ Financing as many project proposals as possible
- ▶ Budgeting for R&D about what competitors spend
- ▶ Deciding how many successful new products are needed

▶ **All of the given options**

Ref:

Page no 71

**Question No: 17 ( Marks: 1 ) - Please choose one**

**Which of the following is a drawback or limitation of Horizontal Integration?**

▶ **Synergies may be more imaginary than real**

- ▶ It can increase suppliers' and buyers' bargaining power
- ▶ Economies of scale are likely to be decreased
- ▶ Both the first & third options are correct

Ref:

Disadvantage of Horizontal integration:

Synergies maybe more imaginary than real Substitutes market is often very different. Challenge occurs to management during acquisition. Reduction in competition may lead to anti-trust issues. <http://ccit300.wikispaces.com/Horizontal+Integration>

**Question No: 18 ( Marks: 1 ) - Please choose one**

**In which situation would horizontal integration be an especially effective strategy?**

▶ **When an organization can gain monopolistic characteristics without being challenged by the federal government**

- ▶ When decreased economies of scale provide major competitive advantages
- ▶ When an organization has neither the capital nor human talent needed to successfully manage an expanded organization
- ▶ When competitors are succeeding due to managerial expertise or having particular resources

Ref:

**Horizontal Integration:**

Seeking ownership or increased control over competitor's Horizontal integration refers to a strategy of seeking ownership of or increased control over a firm's competitors. One of the most significant trends in strategic management today is the increased use of horizontal integration as a growth strategy. Mergers, acquisitions, and takeovers among competitors allow for increased economies of scale and enhanced transfer of resources and competencies. Increased control over competitors means that you have to look for new opportunities either by the purchase of the new firm or hostile take over the other firm. One organization gains control of other which functioning within the same industry. It should be done that every firm wants to increase its area of influence, market share and business.

**Question No: 19 ( Marks: 1 ) - Please choose one**

**Defensive strategies include all of the following EXCEPT:**

- ▶ Retrenchment
- ▶ **Acquisition**
- ▶ Divestiture
- ▶ Liquidation

Ref:

Defensive Strategies

In addition to integrative, intensive, and diversification strategies, organizations also could pursue retrenchment, divestiture, or liquidation.

**Question No: 20 ( Marks: 1 ) - Please choose one**

**Which strategy should be implemented when a division is responsible for an organization's overall poor performance?**

- ▶ **Divestiture**
- ▶ Forward integration
- ▶ Cost leadership
- ▶ Related diversification

**Question No: 21 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT the reason to go for divestiture?**

- ▶ **When firm has pursued retrenchment but failed to attain needed improvements**
- ▶ When the availability of quality distributors is too limited
- ▶ When a division needs more resources than the firm can provide
- ▶ When a division is responsible for the firm's overall poor performance

**Question No: 22 ( Marks: 1 ) - Please choose one**

**A joining of two companies through one company buying more than one half of the other company's stocks is known as:**

- ▶ Monopolization
- ▶ A spin-off
- ▶ **An acquisition**
- ▶ A Merger

**Question No: 23 ( Marks: 1 ) - Please choose one**

**Which of the following statements is TRUE about company's strategies?**

- ▶ **Company strategies concern how to grow the business, how to out-compete rivals, how to satisfy customers**
- ▶ Company strategies concern when to change the company's strategic vision and business model
- ▶ Company strategies concern whether to focus on achieving short-run performance targets or on long-range
- ▶ Company strategies concern performance targets and how much organizational stretch to build in

**Question No: 24 ( Marks: 1 ) - Please choose one**

**Which of the following is a key merit of strategic management?**

- ▶ Strategic management enables an organization to be proactive
- ▶ Strategic management enables an organization to avoid the threats
- ▶ Strategic management enables an organization to defeat their competitors

► **Strategic management enables an organization to foresee into the future**

**Ref:**

Benefits of Strategic management

Following are the major benefits of Strategic management:

¾ Proactive in shaping firm's future

¾ Initiate and influence actions

¾ Formulate better strategies (Systematic, logical, rational approach)

**Question No: 25 ( Marks: 1 ) - Please choose one**

**Which of the following statements describes a company's strategic vision?**

► **Gives a broad, aspiration image of the future that an organization is aiming to achieve**

► Sets forth the long-range financial and strategic performance targets that organization seeks to achieve

► Indicates the boundaries of the company's present business

► Reflects how strategic objectives are to be achieved

**Question No: 26 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT a key question that can reveal internal strengths and weaknesses of the marketing department?**

► Does the firm have effective sales?

► Are markets segmented effectively?

► Are the firm's products and services priced appropriately?

► **Does the firm have good liquidity?**

**Question No: 27 ( Marks: 1 ) - Please choose one**

**The corporate social policy should be reaffirmed or changed during which phase of strategic management?**

► Strategy control

► Strategy implementation

► Strategy formulation

► **Strategy evaluation**

**Ref:** Corporate social policy should be designed and articulated during strategy formulation, set and administered during strategy implementation, and reaffirmed or changed during strategy evaluation.

**Question No: 4 ( Marks: 1 ) - Please choose one**

**A mission statement should "reconcile interests among diverse stakeholders". What does it mean?**

► All shareholders must be satisfied

► Shareholders should be given preference over customers

► **Firm will devote attention to meeting claims of various stakeholders**

► Firm will devote its attention towards the maximization of shareholders value

**Question No: 5 ( Marks: 1 ) - Please choose one**

**Where an organization takes into account the effect of its strategic decisions on the society, the firm is taking care of:**

► Corporate governance

► Business policy

► Business ethics

► **Social policy**

Social issues mandate

that strategists consider not only what the organization owes its various stakeholders but also what responsibilities the firm has to consumers, environmentalists, minorities, communities, and other groups. After decades of debate on the topic of social responsibility, many firms still struggle to determine appropriate social policies

**Question No: 6 ( Marks: 1 ) - Please choose one**

**External assessment is performed in which of the following strategic-management phase?**

► **Strategy formulation stage**

► Strategy implementation stage

► Strategy evaluation stage

► All of the given options

**Question No: 12 ( Marks: 1 ) - Please choose one**

**Which of the following statement is correct about distinctive competence?**

► Is usually tied closely to the ability of a company's manufacturing capability and/or its proprietary technology and know-how

► Nearly always resides in the ability of the company's assets on its balance sheet rather than in its people

► Is better suited in helping companies defend against external threats than in pursuing external market opportunities

► **Is a unique thing that a firm does really well and that quality or attribute sets it aside from its competitors**

**Question No: 13 ( Marks: 1 ) - Please choose one**

**Which of the following ratios is least likely to be helpful in evaluating a firm's decision regarding dividend?**

► Earnings-per-share ratio

► **Long-Term Debt-to-Equity Ratio**

► Dividends-per-share ratio

► Price-earnings ratio

Three financial ratios that are helpful in evaluating a firm's dividend decisions are the earnings-per share ratio, the dividends-per-share ratio, and the price-earnings ratio.

**Question No: 17 ( Marks: 1 ) - Please choose one**

**The Web sites that sell products directly to the consumers are the examples of which type of strategy?**

► Backward integration

► Product development

► **Forward integration**

► Horizontal integration

**Question No: 20 ( Marks: 1 ) - Please choose one**

**Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?**

► **Liquidation**

► Integration

► Differentiation

► Diversification



**Question No: 21 ( Marks: 1 ) - Please choose one**  
**When both divestiture and retrenchment have been pursued unsuccessfully, which of the following strategies is effective to pursue?**

▶ Forward integration

▶ **Liquidation**

▶ Merger

▶ Takeover

**Guidelines for Liquidation**

Three guidelines when liquidation may be an especially effective strategy to pursue are:

When both retrenchment and divestiture have been pursued unsuccessfully

If the only alternative is bankruptcy, liquidation is an orderly alternative

When stockholders can minimize their losses by selling the firm's assets

**Question No: 26 ( Marks: 1 ) - Please choose one**

**"If a strategist has identified that the market growth rate is 8 %, the number of sellers in industry are 52 and the industry's products are differentiated." Which of the following industry's success factor is he exploring?**

▶ Social forces

▶ Competitive forces

▶ Political forces

▶ **Economic forces**

**Question No: 28 ( Marks: 1 ) - Please choose one**

**A series of ratios that measure the extent to which a firm has been financed by debt is known as:**

▶ Activity ratios

▶ **Leverage ratios**

▶ Profitability ratios

▶ Liquidity ratios

Leverage ratios measure the extent to which a firm has been financed by debt.

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Which of the following is TRUE about anti-trust legislation?**

▶ The is the law intended to protect the ozone layer in the environment

▶ This is the law intended to regulate the tax rates in the economy

▶ **This is the law intended to promote free competition in the market**

▶ This is the law intended to regulate and register the patents

law intended to promote free competition in the market place by outlawing monopolies

**Question No: 11 ( Marks: 1 ) - Please choose one**

**Which one of the following best describes "a substitute product or service"?**

▶ A competitor's product or service

▶ **An alternative way of meeting the same need**

▶ A new entrant into the industry

▶ A less attractive way of meeting the same need

**Question No: 22 ( Marks: 1 ) - Please choose one**

**Ahmad Textiles and Superior Textiles have come with each other in cross-manufacturing agreement, the firms are going for which of the following?**

- ▶ Liquidation
- ▶ Acquisition
- ▶ **Joint venture**
- ▶ Takeover

**Question No: 24 ( Marks: 1 ) - Please choose one**  
**Adapting to change confronts an organization's strategic management to which of the following issue(s):**

- ▶ What kind of business we should be in?
- ▶ Are we in the right field?
- ▶ Should we reshape our business?

▶ **All of the given options**

Time: 60 min  
Marks: 44

**Question No: 1 ( Marks: 1 ) - Please choose one**  
**Which of the following can be considered as a factor of internal strengths and weaknesses of an organization?**

- ▶ Technological changes
- ▶ **Production/operations**
- ▶ Demographics
- ▶ Competitive trends

**Question No: 17 ( Marks: 1 ) - Please choose one**  
**The steps required to perform cost/benefit analysis include all BUT:**

- ▶ Comparing the total costs with the total benefits
- ▶ Figure out the total costs associated with a decision
- ▶ **Approximation of the total benefits from the decision**
- ▶ Adding the total cost and total benefit

**Question No: 25 ( Marks: 1 ) - Please choose one**  
**Which of the following environment includes all those factors which affect the organization and is itself affected by the organization?**

- ▶ **Task environment**
- ▶ Social environment
- ▶ External environment
- ▶ Internal environment

**Page 9: Task Environment:**

Task environment includes all those factors which affect the organization and itself affected by the organization. These factor effects the specific related organizations. These factors are shareholders community, labor unions, creditor, customers, competitors, trade associations.

**1. Which of the following is often considered the first step in strategic planning?**

- ▶ Devising a mission statement
- ▶ **Developing a vision statement P; 6**
- ▶ Setting annual objectives
- ▶ Formulating set of strategies

**3. "Ethnic balance changes due to the migration of the people from different areas to different areas. This affects the ethical behavior very much", this is the effect of which of the following forces?**

- ▶ Economic forces
- ▶ **Social, cultural, and demographic forces P; 31**
- ▶ Technological forces
- ▶ Competitive forces

**5. Supplier bargaining power is not likely to pose strong competitive pressure when which of the following situation is prevailing?**

- ▶ Buying firms are looking for suppliers with superior just-in-time supply capabilities and low prices
- ▶ The suppliers furnish a critical part or component that is in relatively short supply
- ▶ Buying firms collaborate closely with their key suppliers to achieve mutual benefits
- ▶ The products of alternative suppliers are highly differentiated, making the cost of switching relatively high

**10. Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?**

- ▶ **Liquidation P; 95**
- ▶ Integration
- ▶ Differentiation
- ▶ Diversification

**12 . All of the following statements are true about a firm's mission statement EXCEPT:**

**A mission statement directly contributes positively to financial performance**  
**P25**

A mission statement does not directly contribute positively to financial performance

A mission statement should not provide useful criteria for selecting among alternative strategies

Primary reason to develop a mission statement is not to attract the customers

**13. Which one variable falls under the category of the Social, Cultural, Demographic, and Environmental Variable?**

Propensity of people to spend

**Buying habits** **P34**

Level of disposable income

Income differences by region

**14. Which of the following is a collection of firms that offers similar products or services such as IBM, Apple, and Dell**

Concentration

**Industry**

Corporation

Alliances

An industry can be defined as a group of companies offering products or services that are close substitutes for each other

**18. Which of the following are developed in strategy implementation phase of strategic management?**

Vision and mission

**Annual objectives** **p; 4**

Strengths and weaknesses

Opportunities and threats

**MGT603**

**Question No: 1 ( Marks: 1 ) - Please choose one**

**Long-term objectives includes all of the following EXCEPT:**

► Measurable

- ▶ Reasonable
- ▶ **Varying**
- ▶ Consistent

**Question No: 2 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT included in the strategic management model?**

- ▶ Measure and evaluate performance
- ▶ Establish long-term objectives
- ▶ Develop mission and vision statements
- ▶ **Perform internal research to identify customers**

**Question No: 3 ( Marks: 1 ) - Please choose one**

**Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?**

- ▶ Technology
- ▶ **Philosophy**
- ▶ Customers
- ▶ Self-concept

<http://vustudents.ning.com>

**Question No: 4 ( Marks: 1 ) - Please choose one**

**“Identifying and evaluating social, political, economic, technological and competitive trends and events”; which of the followings best describes this statement?**

- ▶ Developing an effective mission statement
- ▶ Conducting an internal audit
- ▶ **Performing an external audit**
- ▶ Formulating strategy

**Question No: 5 ( Marks: 1 ) - Please choose one**

**The purpose of an external audit is to prepare a list of which of the following?**

- ▶ Opportunities and weaknesses

- ▶ Threats and strengths
- ▶ **Opportunities and threats**
- ▶ Strengths and weaknesses

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Rehman industries, a leading firm of the industry is analyzing the technological forces for the firm which may provide it opportunities and threats for which stage/s of strategic management process?**

- ▶ **Strategy formulation**
- ▶ Strategy implementation
- ▶ Strategy evaluation
- ▶ All of the given options <http://vustudents.ning.com>

**Question No: 7 ( Marks: 1 ) - Please choose one**

**Use of the Internet and Internet technologies can be integrated into the sales of on-line as well as off-line business and marketing portion of the value chain through which of the following?**

- ▶ Through software that permits customers to specify build-to-order options
- ▶ Through online product catalogs containing rich product information and specifications
- ▶ Via online price quotes and online announcements of special sales and promotions
- ▶ **All of the given options** <http://vustudents.ning.com>

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Which of the following best describes this statement; “A systematic and ethical process for gathering and analyzing information about the competition’s activities and general business trends to further a business’ own goals”? <http://vustudents.ning.com>**

- ▶ External assessment
- ▶ Industry analysis
- ▶ **Competitive intelligence program**
- ▶ Business ethics

**Question No: 9 ( Marks: 1 ) - Please choose one**

**Which one of the following is NOT is a basic mission of a competitive intelligence program?**

- ▶ To provide a general understanding of an industry
- ▶ To provide a general understanding of a company's competitors
- ▶ **To identify industry executives who could be hired by the firm**
- ▶ To identify potential moves a competitor might make that would endanger a firm

**Question No: 10 ( Marks: 1 ) - Please choose one**

**Which of the following statements is correct in relation to the Five Forces framework?**

- ▶ The framework is a means of identifying the forces which affect the level of competition in an industry
- ▶ The framework identifies the major stakeholders of an organization
- ▶ **The framework assists in developing a broad perspective on the environment within which an organization operates**
- ▶ It is not appropriate in public sector management and for small organizations

**Question No: 11 ( Marks: 1 ) - Please choose one**

**While preparing an External Factor Evaluation Matrix, a total score of 0.8 indicates that:**

- ▶ Firm is taking advantages of strengths and avoiding threats
- ▶ Firm is taking no advantage of opportunities and is avoiding threats
- ▶ Firm is not taking advantages of opportunities and is not avoiding threats
- ▶ **Firm is taking advantage of opportunities and is avoiding the threats**

**Question No: 12 ( Marks: 1 ) - Please choose one**  
<http://vustudents.ning.com>

**Internal analysis involves gathering and analyzing information about all areas of a firm EXCEPT:**

- ▶ Research and development
- ▶ Management information system
- ▶ Marketing
- ▶ **Competitors**

**Question No: 13 ( Marks: 1 ) - Please choose one**

**All of the following are included in the five functions of the management process EXCEPT:**

- ▶ Planning
- ▶ Organizing
- ▶ Leading
- ▶ **Delegating**

**Question No: 14 ( Marks: 1 ) - Please choose one**

**One of the top level manager of a large manufacturing plant uses to spend her day trying to ensure that the material wastage is not more than 10%. She spends her day in performing which of the following management functions?**

- ▶ Planning
- ▶ Organizing
- ▶ Leading
- ▶ **Controlling**

**Question No: 15 ( Marks: 1 ) - Please choose one**

**Waseem & Sons primarily want to gain control over the prices charged to consumers. What strategy will most likely be followed by Waseem & Sons?**

- ▶ Market penetration
- ▶ Product development
- ▶ **Forward integration**
- ▶ Concentric Diversification



**Question No: 16 ( Marks: 1 ) - Please choose one**

**The IFE matrix summarizes and evaluates which factors in the functional areas of a business?**

- ▶ Opportunities and threats
- ▶ **Strengths and weaknesses**
- ▶ Strengths and threats
- ▶ Opportunities and weaknesses

**Question No: 17 ( Marks: 1 ) - Please choose one**

**What is meant by Focused Differentiation?**

- ▶ Concentrating on a particular feature of a product or service to achieve differentiation
- ▶ **Concentrating on differentiation as the primary means of achieving competitive advantage**
- ▶ Providing a high perceived value product to a selected market segment which justifies a substantial price premium
- ▶ Simultaneously seeking to achieve differentiation and a price lower than that of competitors

**Question No: 18 ( Marks: 1 ) - Please choose one**

**Khawar Garments, a domestic firm begins to export to India, it is an example of which of the following?**

- ▶ Horizontal integration
- ▶ **Market development**
- ▶ Forward integration
- ▶ Concentric diversification

**Question No: 19 ( Marks: 1 ) - Please choose one**

**Under which of the following conditions, Concentric Diversification would be particularly an effective strategy to pursue?**

- ▶ When an organization has grown so large so quickly that major internal reorganization is needed

► When sales of current products would increase intensively by adding the new related products

► When revenues from current products/services would increase significantly by adding the new unrelated products

► When current products are in maturity stage of the product life cycle

**Question No: 20 ( Marks: 1 ) - Please choose one**

The company acquires or develops new products that could appeal to its current customer groups even though those new products may be technologically unrelated to the existing product lines. Which of the following best describes the statement?

► Retrenchment

► Horizontal diversification

► Market development

► Horizontal integration

<http://vustudents.ning.com>

**Question No: 21 ( Marks: 1 ) - Please choose one**

Abdullah Group of Industries is involved in the sale of its marginal business. It is most likely to say that Abdullah Group is implementing \_\_\_\_\_ strategy.

► Join venture

► Acquisition

► Liquidation

► Retrenchment

**Question No: 22 ( Marks: 1 ) - Please choose one**

Mergers and acquisitions are created for all of the following reasons EXCEPT:

► For gaining new technology

► For reduction of tax obligations

► For gaining economies of scale

► For increase in number of employees

**Question No: 23 ( Marks: 1 ) - Please choose one**

In which of the given phases of strategic management, strategies are put into action?

- ▶ Strategy formulation
- ▶ **Strategy implementation**
- ▶ Strategy evaluation
- ▶ All of the given options

Question No: 24 ( Marks: 1 ) - Please choose one

\_\_\_\_\_ is the principle of conduct that guides decision-making.  
<http://vustudents.ning.com>

- ▶ Human rights
- ▶ **Business ethics**
- ▶ The constitution
- ▶ Social responsibility

Question No: 25 ( Marks: 1 ) - Please choose one

Which of the following should be created first and foremost by a strategist?

- ▶ **Strategy**
- ▶ Objectives
- ▶ Vision
- ▶ Mission

Question No: 26 ( Marks: 1 ) - Please choose one

Which of the following is FALSE about vision and mission statements?

- ▶ **Vision statement gives the overall purpose of an organization while a mission statement describes a picture of the preferred future**
- ▶ A vision statement describes how the future will look if the organization achieves its mission and a mission statement explains what the organization does
- ▶ Mission statement answers the questions what is our business and the vision statement answers the question what do we want to become

► Mission statement explains the current position and activities of a firm whereas vision statement explains the future objective

**Question No: 27 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT a key question that can reveal internal strengths and weaknesses of the marketing department?**

- Does the firm have effective sales?
- **Are markets segmented effectively?**
- Are the firm's products and services priced appropriately?
- Does the firm have good liquidity?

**Question No: 28 ( Marks: 1 ) - Please choose one**

**“A desired future state that the organization attempts to realize”. Identify the term relevant to the given statement.**

- Goal
- **Strategy**
- Policy
- Procedure

**Question No: 29 ( Marks: 3 )**

**What activities are performed in strategy evaluation stage under controlling function of management? <http://vustudents.ning.com>**

Controlling function of management includes all those activities undertaken to ensure that actual operations conform to planned operations. Controlling function of management is particularly important for effective strategy evaluation. Controlling function of management has the following activities in strategy evaluation.

1. Establishing performance standards
2. Measuring individual and organizational performance
3. Taking corrective actions
4. Comparing actual performance to planned performance standards

**Question No: 30 ( Marks: 3 )**

**In your opinion, what can be the circumstances when a Low Cost Producer in an industry brings effectiveness?**

The circumstances will be for high cost producers because, when low cost producer come into market. Its costumers will be increased. Also *low-cost producer* would generally have a higher profit margin.

**Question No: 31 ( Marks: 5 )**

**What are the major stakeholders that affect pricing decisions?**

Following are the five major stakeholders which affect pricing decisions.

1. Governments
2. Suppliers
3. Distributors
4. Consumers
5. Competitors

**Question No: 32 ( Marks: 5 )**

**Mergers or acquisitions are the methods by which two companies combine to form a larger company. What can be the reasons for acheiving mergers or acquisitions?**

The 1<sup>st</sup> reason for acquisition and merger to combine is that they believe that synergy exist and by joining both of us can achieve something more than we can get individually.

Acquisition and merger join to spread its risks and exploit new markets.

Acquisition is essential for growth.

Companies seek an acquisition because they believe that a good investment is capable of generating a high return for the parent company's shareholders.

MIDTERM EXAMINATION

Spring 2010

MGT603- Strategic Management (Session - 6)

**Question No: 1 ( Marks: 1 ) - Please choose one**

**Long-term objectives includes all of the following EXCEPT:**

- ▶ Measurable
- ▶ Reasonable
- ▶ [Varying](#)
- ▶ Consistent

**Pg#9**

Objectives should be challenging, measurable, consistent, reasonable, and clear. In a multidimensional firm, objectives should be established for the overall company and for each division.

**Question No: 2 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT included in the strategic management model?**

- ▶ Measure and evaluate performance
- ▶ Establish long-term objectives
- ▶ Develop mission and vision statements
- ▶ **Perform internal research to identify customers**

**P#49**

**Question No: 3 ( Marks: 1 ) - Please choose one**

**Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?**

- ▶ Technology
- ▶ **Philosophy**
- ▶ Customers
- ▶ Self-concept

**Pg#17**

**Philosophy:** What are the basic beliefs, values, aspirations, and ethical priorities of the firm?

**Question No: 4 ( Marks: 1 ) - Please choose one**

**“Identifying and evaluating social, political, economic, technological and competitive trends and events”; which of the followings best describes this statement?**

- ▶ Developing an effective mission statement
- ▶ Conducting an internal audit
- ▶ [Performing an external audit](#)
- ▶ Formulating strategy

**Pg#29**

To perform an external audit, a company first must gather competitive intelligence and information about social, cultural, demographic, environmental, economic, political, legal, governmental, and technological trends. Individuals can be asked to monitor various sources of information such as key magazines, trade journals, and newspapers

**Question No: 5 ( Marks: 1 ) - Please choose one**

**The purpose of an external audit is to prepare a list of which of the following?**

- ▶ Opportunities and weaknesses
- ▶ Threats and strengths
- ▶ **Opportunities and threats**
- ▶ Strengths and weaknesses

**Pg#29**

The purpose of an external audit is to develop a finite list of opportunities that could benefit a firm and threats that should be avoided.

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Rehman industries, a leading firm of the industry is analyzing the technological forces for the firm which may provide it opportunities and threats for which stage/s of strategic management process?**

- ▶ [Strategy formulation](#)
- ▶ Strategy implementation
- ▶ Strategy evaluation
- ▶ All of the given options

Technological forces represent major opportunities and threats that must be considered in formulating strategies.

**Question No: 7 ( Marks: 1 ) - Please choose one**

**Use of the Internet and Internet technologies can be integrated into the sales of on-line as well as off-line business and marketing portion of the value chain through which of the following?**

- ▶ Through software that permits customers to specify build-to-order options
- ▶ Through online product catalogs containing rich product information and specifications
- ▶ Via online price quotes and online announcements of special sales and promotions
- ▶ **All of the given options**

**Question No: 8 ( Marks: 1 ) - Please choose one**

Which of the following best describes this statement; “A systematic and ethical process for gathering and analyzing information about the competition’s activities and general business trends to further a business’ own goals”?

- ▶ External assessment
- ▶ Industry analysis
- ▶ **Competitive intelligence program**
- ▶ Business ethics

**Pg#42**

**Competitive Intelligence Programs**

Systematic and ethical process for gathering and analyzing information about the competition’s activities and general business

trends to further a business’ own goals.

**Question No: 9 ( Marks: 1 ) - Please choose one**

Which one of the following is **NOT** a basic mission of a competitive intelligence program?

- ▶ To provide a general understanding of an industry
- ▶ To provide a general understanding of a company’s competitors
- ▶ [To identify industry executives who could be hired by the firm](#)
- ▶ To identify potential moves a competitor might make that would endanger a firm

**P#43**

**Competitive Intelligence Programs and competitive analysis:**

Systematic and ethical process for gathering and analyzing information about the competition’s activities and general business trends to further a business’ own goals.

**Question No: 10 ( Marks: 1 ) - Please choose one**

Which of the following statements is correct in relation to the Five Forces framework?

- ▶ **The framework is a means of identifying the forces which affect the level of competition in an industry**
- ▶ The framework identifies the major stakeholders of an organization
- ▶ The framework assists in developing a broad perspective on the environment within which an organization operates
- ▶ It is not appropriate in public sector management and for small organizations

**Pg#143**

Five forces -- the bargaining power of customers, the bargaining power of suppliers, the threat of new entrants, and the threat of substitute products -- combine with other variables to influence a fifth force, the level of competition in an industry. Each of these forces has several determinants:

**Question No: 11 ( Marks: 1 ) - Please choose one**

While preparing an External Factor Evaluation Matrix, a total score of 0.8 indicates that:

- ▶ Firm is taking advantages of strengths and avoiding threats
- ▶ Firm is taking no advantage of opportunities and is avoiding threats
- ▶ **Firm is not taking advantages of opportunities and is not avoiding threats (right one)**
- ▶ Firm is taking advantage of opportunities and is avoiding the threats

**Question No: 12 ( Marks: 1 ) - Please choose one**

Internal analysis involves gathering and analyzing information about all areas of a firm **EXCEPT**:

- ▶ Research and development
- ▶ Management information system
- ▶ Marketing
- ▶ **Competitors**

**Pg#49**

**Internal Audit** is Parallels process of external audit. It gathers & assimilates information from:

- o Management
- o Marketing
- o Finance/accounting
- o Production/operations
- o Research & development
- o Management information systems

**Question No: 13 ( Marks: 1 ) - Please choose one**

All of the following are included in the five functions of the management process **EXCEPT**:

- ▶ Planning
- ▶ Organizing
- ▶ Leading
- ▶ [Delegating](#)

**Management process functions:**

- Planning
- Organizing
- Leading
- Controlling

**Question No: 14 ( Marks: 1 ) - Please choose one**

One of the top level manager of a large manufacturing plant uses to spend her day trying to ensure that the material wastage is not more than 10%. She spends her day in performing which of the following management functions?

- ▶ Planning
- ▶ Organizing
- ▶ Leading
- ▶ **Controlling**

**Question No: 15 ( Marks: 1 ) - Please choose one**

Waseem & Sons primarily want to gain control over the prices charged to consumers. What strategy will most likely be followed by Waseem & Sons?

- ▶ Market penetration
- ▶ Product development
- ▶ **Forward integration**
- ▶ Concentric Diversification

**PG#81**

**Forward integration:** Gaining ownership or increased control over distributors or retailers

*Forward integration* involves gaining ownership or increased control over distributors or retailers.

**Question No: 16 ( Marks: 1 ) - Please choose one**

The

**IFE matrix summarizes and evaluates which factors in the functional areas of a business?**

- ▶ Opportunities and threats
- ▶ **Strengths and weaknesses**
- ▶ Strengths and threats
- ▶ Opportunities and weaknesses

**PG#47**

A summary step in conducting an internal strategic-management audit is to construct an *Internal Factor Evaluation (IFE) Matrix*. This strategy-formulation tool summarizes and evaluates the major strengths and weaknesses in the functional areas of a business, and it also provides a basis for identifying and evaluating relationships among those areas.

**Question No: 17 ( Marks: 1 ) - Please choose one**

**What is meant by Focused Differentiation?**

- ▶ Concentrating on a particular feature of a product or service to achieve differentiation
- ▶ concentrating on differentiation as the primary means of achieving competitive advantage
- ▶ **Providing a high perceived value product to a selected market segment which justifies a substantial price premium**

- ▶ Simultaneously seeking to achieve differentiation and a price lower than that of competitors

Focus differentiation is about targeting a particular market segment.

**Question No: 18 ( Marks: 1 ) - Please choose one**

Khawar Garments, a domestic firm begins to export to India, it is an example of which of the following?

- ▶ Horizontal integration
- ▶ **Market development**
- ▶ Forward integration
- ▶ Concentric diversification

**PG#90**

**Market Development**

Introducing present products or services into new geographic area

**Question No: 19 ( Marks: 1 ) - Please choose one**

Under which of the following conditions, Concentric Diversification would be particularly an effective strategy to pursue?

- ▶ When an organization has grown so large so quickly that major internal reorganization is needed
- ▶ **When sales of current products would increase intensively by adding the new related products**
- ▶ When revenues from current products/services would increase significantly by adding the new unrelated products
- ▶ When current products are in maturity stage of the product life cycle(right one)

**PG#91**

**Guidelines for Concentric Diversification**

Five guidelines when concentric diversification may be an effective strategy are provided below: Five guidelines when concentric diversification may be an effective strategy are provided below:

Competes in no- or slow-growth industry

Adding new & related products increases sales of current products

New & related products offered at competitive prices

**Current products are in decline stage of the product life cycle**

Strong management team

**Question No: 20 ( Marks: 1 ) - Please choose one**



The company acquires or develops new products that could appeal to its current customer groups even though those new products may be technologically unrelated to the existing product lines. Which of the following best describes the statement?

- ▶ Retrenchment
- ▶ Horizontal diversification
- ▶ Market development
- ▶ Horizontal integration

**PG#92**

Adding new, unrelated products or services for present customers is called *horizontal diversification*.

**Question No: 21 ( Marks: 1 ) - Please choose one**

Abdullah Group of Industries is involved in the sale of its marginal business. It is most likely to say that

Abdullah Group is implementing \_\_\_\_\_ strategy.

- ▶ Join venture
- ▶ Acquisition
- ▶ Liquidation
- ▶ Retrenchment

**PG#93**

During retrenchment, strategists work with limited resources and face pressure from shareholders, employees, and the media. Retrenchment can entail selling off land and buildings to raise needed cash, pruning product lines, **closing marginal businesses**, closing obsolete factories, automating processes, reducing the number of employees, and instituting expense control systems.

**Question No: 22 ( Marks: 1 ) - Please choose one**

Mergers and acquisitions are created for all of the following reasons **EXCEPT**:

- ▶ For gaining new technology
- ▶ For reduction of tax obligations
- ▶ For gaining economies of scale
- ▶ **For increase in number of employees**

**Question No: 23 ( Marks: 1 ) - Please choose one**

In which of the given phases of strategic management, strategies are put into action?

- ▶ Strategy formulation
- ▶ **Strategy implementation**
- ▶ Strategy evaluation
- ▶ All of the given options

**PG#4**

Strategy implementation is often called the action stage of strategic management. Implementing means mobilizing employees and managers in order to put formulated strategies into action.

**Question No: 24 ( Marks: 1 ) - Please choose one**

\_\_\_\_\_ is the principle of conduct that guides decision-making.

- ▶ Human rights
- ▶ **Business ethics**
- ▶ The constitution
- ▶ Social responsibility

**PG#14**

**Business Ethics and Strategic Management**

**Definition:**

*Business ethics* can be defined as principles of conduct within organizations that guide decision making and behavior.

**Question No: 25 ( Marks: 1 ) - Please choose one**

Which of the following should be created first and foremost by a strategist?

- ▶ Strategy
- ▶ Objectives
- ▶ **Vision**
- ▶ Mission

**Question No: 26 ( Marks: 1 ) - Please choose one**

Which of the following is **FALSE** about vision and mission statements?

▶ **Vision statement gives the overall purpose of an organization while a mission statement describes a picture of the preferred future**

- ▶ A vision statement describes how the future will look if the organization achieves its mission and a mission statement explains what the organization does
- ▶ Mission statement answers the questions what is our business and the vision statement answers the question what do we want to become
- ▶ Mission statement explains the current position and activities of a firm whereas vision statement explains the future objective

**Question No: 27 ( Marks: 1 ) - Please choose one**

Which of the following is **NOT** a key question that can reveal internal strengths and weaknesses of the marketing department?

- ▶ Does the firm have effective sales?
- ▶ **Are markets segmented effectively?**
- ▶ Are the firm's products and services priced appropriately?
- ▶ Does the firm have good liquidity? (right one)

**PG#63**

#### **Marketing Audit Checklist of Questions**

Similarly as provided earlier for management, the following questions about marketing are pertinent:

**1. Are markets segmented effectively?**

2. Is the organization positioned well among competitors?
3. Has the firm's market share been increasing?
4. Are present channels of distribution reliable and cost-effective?

**5. Does the firm have an effective sales organization?**

6. Does the firm conduct market research?
7. Are product quality and customer service good?

**8. Are the firm's products and services priced appropriately?**

9. Does the firm have an effective promotion, advertising, and publicity strategy?
10. Are marketing planning and budgeting effective?
11. Do the firm's marketing managers have adequate experience and training?

**Question No: 28 ( Marks: 1 ) - Please choose one**

**"A desired future state that the organization attempts to realize". Identify the term relevant to the given statement.**

- ▶ **Goal (right one)**
- ▶ Strategy
- ▶ Policy
- ▶ Procedure

A goal is a **desired future state that the organization attempts to realize**.<sup>2</sup> Goals are important because organizations exist for a purpose and goals define

**Question No: 29 ( Marks: 3 )**

**What activities are performed in strategy evaluation stage under controlling function of management?**

Controlling function of management includes all those activities undertaken to ensure that actual operations conform to planned operations. Controlling function of management is particularly important for effective strategy evaluation. Controlling function of management has the following activities in strategy evaluation.

1. Establishing performance standards
2. Measuring individual and organizational performance
3. Taking corrective actions
4. Comparing actual performance to planned performance standards

**Question No: 30 ( Marks: 3 )**

**In your opinion, what can be the circumstances when a Low Cost Producer in an industry brings effectiveness?**

The circumstances will be for high cost producers because, when low cost producer come into market. Its costumers will be increased. Also *low-cost producer* would generally have a higher profit margin.

**Question No: 31 ( Marks: 5 )**

**What are the major stakeholders that affect pricing decisions?**

Following are the five major stakeholders which affect pricing decisions.

1. Governments
2. Suppliers
3. Distributors
4. Consumers
5. Competitors

**Question No: 32 ( Marks: 5 )**

**Mergers or acquisitions are the methods by which two companies combine to form a larger company. What can be the reasons for acheiving mergers or acquisitions**

**Question No: 1 ( Marks: 1 ) - Please choose one**

**Various job titles of a strategist may include all of the following EXCEPT:**

- ▶ Owner
- ▶ [Foreman](#)
- ▶ Chancellor
- ▶ Chief executive officer

**Ref:**

Strategists have various job titles, such as chief executive officer, president, and owner, chair of the board, executive director, chancellor, dean, or entrepreneur.

**Question No: 2 ( Marks: 1 ) - Please choose one**

**Long-term objectives includes all of the following EXCEPT:**

- ▶ Measurable
- ▶ Reasonable
- ▶ [Varying](#)
- ▶ Consistent

The Nature of Long-Term Objectives

Objectives should be quantitative, measurable, realistic, understandable, challenging, hierarchical, obtainable, and congruent among organizational units.

**Question No: 3 ( Marks: 1 ) - Please choose one**

**All of these are pitfalls of an organization in strategic planning EXCEPT:**

- ▶ Failing to involve key employees in all phases of planning
- ▶ Using strategic planning to gain control over decisions and resources
- ▶ [Using plans as a standard for measuring performance](#)
- ▶ Being so formal in planning that flexibility and creativity are stifled

**Ref:**

Some pitfalls to watch for and avoid in strategic planning are provided below:

1. [Using strategic planning to gain control over decisions and resources](#)
2. Doing strategic planning only to satisfy accreditation or regulatory requirements
3. Too hastily moving from mission development to strategy formulation
4. Failing to communicate the plan to employees, who continue working in the dark
5. Top managers making many intuitive decisions that conflict with the formal plan
6. Top managers not actively supporting the strategic-planning process
7. Failing to use plans as a standard for measuring performance
8. Delegating planning to a "planner" rather than involving all managers
9. **Failing to involve key employees in all phases of planning**
10. Failing to create a collaborative climate supportive of change
11. Viewing planning to be unnecessary or unimportant
12. Becoming so engrossed in current problems that insufficient or no planning is done
13. **Being so formal in planning that flexibility and creativity are stifled.**

**Question No: 4 ( Marks: 1 ) - Please choose one**

**The organizations that conduct business operations across national borders are known as:**

- ▶ [Multinational corporations](#)
- ▶ Domestic firms
- ▶ Strategic alliances
- ▶ Franchises

**Question No: 5 ( Marks: 1 ) - Please choose one**

**A mission statement should “reconcile interests among diverse stakeholders”. What does it mean?**

- ▶ All shareholders must be satisfied
- ▶ Shareholders should be given preference over customers
- ▶ [Firm will devote attention to meeting claims of various stakeholders](#)
- ▶ Firm will devote its attention towards the maximization of shareholders value

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?**

- ▶ Technology
- ▶ [Philosophy](#)
- ▶ Customers
- ▶ Self-concept

**Ref:**

[6. Philosophy: What are the basic beliefs, values, aspirations, and ethical priorities of the firm?](#)

**Question No: 7 ( Marks: 1 ) - Please choose one**

**“Identifying and evaluating social, political, economic, technological and competitive trends and events”; which of the followings best describes this statement?**

- ▶ Developing an effective mission statement

- ▶ Conducting an internal audit
- ▶ **Performing an external audit**
- ▶ Formulating strategy

**Ref:**

To perform an external audit, a company first must gather competitive intelligence and information about social, cultural, demographic, environmental, economic, political, legal, governmental, and technological trends. Individuals can be asked to monitor various sources of information such as key magazines, trade journals, and newspapers.

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Suppose, the value of the currency of a certain country falls, what can be the effect on companies in Different Industries and in Different Locations in that country respectively?**

- ▶ Significant and equal
- ▶ Marginal and equal
- ▶ **Significant and unequal**
- ▶ Insignificant and unequal

**the value of the currency is fall for a certain country. It has over all a significant effect. But it is not necessary that this effect will be treated equally at the different industries and location of that country.**

**Question No: 9 ( Marks: 1 ) - Please choose one**

**What will happen to the Pakistani exports in overseas markets when there is a strong value of rupee?**

- ▶ Pakistani exports will be less expensive
- ▶ **Pakistani exports will be more expensive**
- ▶ Pakistani exports will be more attractive
- ▶ Pakistani exports will be desirable

**Question No: 10 ( Marks: 1 ) - Please choose one**

**Use of the Internet and Internet technologies can be integrated into the sales of on-line as well as off-line business and marketing portion of the value chain through which of the following?**

- ▶ Through software that permits customers to specify build-to-order options
- ▶ Through online product catalogs containing rich product information and specifications
- ▶ Via online price quotes and online announcements of special sales and promotions
- ▶ **All of the given options**

**Question No: 11 ( Marks: 1 ) - Please choose one**

**Assigning rating '2' to an internal factor in IFE matrix indicates what?**

- ▶ Major weakness
- ▶ **Minor weakness**
- ▶ Minor strength
- ▶ Major strength

**Ref:**

a minor weakness (rating = 2),

**Question No: 12 ( Marks: 1 ) - Please choose one**

**As managers move up the organization, they perform which of the management function more?**

- ▶ Leading
- ▶ Controlling
- ▶ Organizing
- ▶ **Planning**

**In functional terms, as managers move up the organization, they do more planning and less direct supervising.**

**Question No: 13 ( Marks: 1 ) - Please choose one**

**Sana has spent a day in a session where the future of her company was discussed. The people involved were trying to determine what the role of their company was as the 21st century approaches. Goals were then developed based upon their vision of the company's mission. Sana spent her day on which of the following process?**

- ▶ **Planning**
- ▶ Organizing
- ▶ Leading
- ▶ Controlling

**Question No: 14 ( Marks: 1 ) - Please choose one**

**One of the top level manager of a large manufacturing plant uses to spend her day trying to ensure that the material wastage is not more than 10%. She spends her day in performing which of the following management functions?**

- ▶ Planning
- ▶ Organizing
- ▶ Leading
- ▶ **Controlling**

**Question No: 15 ( Marks: 1 ) - Please choose one**

Which of the following allows an organization to test alternative marketing plans and to forecast future sales of new products?

- ▶ Marketing
- ▶ Advertisement
- ▶ Test marketing
- ▶ Customer analysis

Ref: One of the most effective product and service planning techniques is test marketing. Test markets allow an organization to test alternative marketing plans and to forecast future sales of new products

**Question No: 16 ( Marks: 1 ) - Please choose one**

Which of the following has/have been successful in determining R&D budget allocations?

- ▶ Financing as many project proposals as possible
- ▶ Budgeting for R&D about what competitors spend
- ▶ Deciding how many successful new products are needed
- ▶ All of the given options

Ref:

Page no 71

**Question No: 17 ( Marks: 1 ) - Please choose one**

Which of the following is a drawback or limitation of Horizontal Integration?

- ▶ Synergies may be more imaginary than real
- ▶ It can increase suppliers' and buyers' bargaining power
- ▶ Economies of scale are likely to be decreased
- ▶ Both the first & third options are correct

Ref:

**Disadvantage of Horizontal integration:**

Synergies may be more imaginary than real. Substitutes market is often very different. Challenge occurs to management during acquisition. Reduction in competition may lead to anti-trust issues. <http://ccit300.wikispaces.com/Horizontal+Integration>

**Question No: 18 ( Marks: 1 ) - Please choose one**

In which situation would horizontal integration be an especially effective strategy?

- ▶ When an organization can gain monopolistic characteristics without being challenged by the federal government
- ▶ When decreased economies of scale provide major competitive advantages
- ▶ When an organization has neither the capital nor human talent needed to successfully manage an expanded organization
- ▶ When competitors are succeeding due to managerial expertise or having particular resources

Ref:

Horizontal Integration:

Seeking ownership or increased control over competitors. Horizontal integration refers to a strategy of seeking ownership of or increased control over a firm's competitors. One of the most significant trends in strategic management today is the increased use of horizontal integration as a growth strategy. Mergers, acquisitions, and takeovers among competitors allow for increased economies of scale and enhanced transfer of resources and competencies. Increased control over competitors means that you have to look for new opportunities either by the purchase of the new firm or hostile take over the other firm. One organization gains control of other which functioning within the same industry. It should be done that every firm wants to increase its area of influence, market share and business.

**Question No: 19 ( Marks: 1 ) - Please choose one**

Defensive strategies include all of the following **EXCEPT**:

- ▶ Retrenchment
- ▶ Acquisition
- ▶ Divestiture
- ▶ Liquidation

Ref:

Defensive Strategies

In addition to integrative, intensive, and diversification strategies, organizations also could pursue retrenchment, divestiture, or liquidation.

**Question No: 20 ( Marks: 1 ) - Please choose one**

Which strategy should be implemented when a division is responsible for an organization's overall poor performance?

- ▶ Divestiture
- ▶ Forward integration
- ▶ Cost leadership
- ▶ Related diversification

**Question No: 21 ( Marks: 1 ) - Please choose one**

Which of the following is **NOT** the reason to go for divestiture?

- ▶ When firm has pursued retrenchment but failed to attain needed improvements

- ▶ **When the availability of quality distributors is too limited**
- ▶ When a division needs more resources than the firm can provide
- ▶ When a division is responsible for the firm's overall poor performance

[Reference](#) (us,09nov10)

**Question No: 22 ( Marks: 1 ) - Please choose one**

**A joining of two companies through one company buying more than one half of the other company's stocks is known as:**

- ▶ Monopolization
- ▶ A spin-off
- ▶ **An acquisition**
- ▶ A Merger

**Question No: 23 ( Marks: 1 ) - Please choose one**

**Which of the following statements is TRUE about company's strategies?**

- ▶ [Company strategies concern how to grow the business, how to out-compete rivals, how to satisfy customers](#)
- ▶ Company strategies concern when to change the company's strategic vision and business model
- ▶ Company strategies concern whether to focus on achieving short-run performance targets or on long-range
- ▶ Company strategies concern performance targets and how much organizational stretch to build in

**Question No: 24 ( Marks: 1 ) - Please choose one**

**Which of the following is a key merit of strategic management?**

- ▶ [Strategic management enables an organization to be proactive](#)
- ▶ Strategic management enables an organization to avoid the threats
- ▶ Strategic management enables an organization to defeat their competitors
- ▶ Strategic management enables an organization to foresee into the future

**Ref:**

Benefits of Strategic management

Following are the major benefits of Strategic management:

- ¾ Proactive in shaping firm's future
- ¾ Initiate and influence actions
- ¾ Formulate better strategies (Systematic, logical, rational approach)

**Question No: 25 ( Marks: 1 ) - Please choose one**

**Which of the following statements describes a company's strategic vision?**

- ▶ **Gives a broad, aspiration image of the future that an organization is aiming to achieve**
- ▶ Sets forth the long-range financial and strategic performance targets that organization seeks to achieve
- ▶ Indicates the boundaries of the company's present business
- ▶ Reflects how strategic objectives are to be achieved

**Question No: 26 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT a key question that can reveal internal strengths and weaknesses of the marketing department?**

- ▶ Does the firm have effective sales?
- ▶ Are markets segmented effectively?
- ▶ Are the firm's products and services priced appropriately?
- ▶ [Does the firm have good liquidity?](#)

**Question No: 27 ( Marks: 1 ) - Please choose one**

**The corporate social policy should be reaffirmed or changed during which phase of strategic management?**

- ▶ Strategy control
- ▶ Strategy implementation
- ▶ Strategy formulation
- ▶ **Strategy evaluation**

[Ref: Corporate social policy should be designed and articulated during strategy formulation, set and administered during strategy implementation, and reaffirmed or changed during strategy evaluation.\(us,,03nov2010\)](#)

**Question No: 28 ( Marks: 1 ) - Please choose one**

**All of the following are the circumstances when forward integration strategies are beneficial to be practiced EXCEPT:**

- ▶ Availability of quality distributors is limited
- ▶ [Existing markets for present products are saturated](#)
- ▶ Advantages of stable production are high
- ▶ Present distributors have high profit margins

**Question No: 29 ( Marks: 3 )**

**What is the significance of Research and Development for an organization?**

**Answer:**

**Research and Development**

The fifth major area of internal operations that should be examined for specific strengths and weaknesses is research and development (R&D). Many firms today conduct no R&D, and yet many other companies depend on successful R&D activities for survival. Firms pursuing a product development strategy especially need to have a strong R&D orientation.

The purpose of research and development are as follows:

Development of new products before competition

Improving product quality

Improving manufacturing processes to reduce costs

**Question No: 30 ( Marks: 3 )**

**What should be the characteristics of a firm that is successfully pursuing a Cost Leadership Strategy? Enlist any six of them.**

**Answer:**

A successful cost leadership strategy usually permeates the entire firm, as evidenced by high efficiency, low overhead, limited perks, intolerance of waste, intensive screening of budget requests, wide spans of control, rewards linked to cost containment, and broad employee participation in cost control efforts.

Some risks of pursuing cost leadership are that competitors may imitate the strategy, thus driving overall industry profits down; technological breakthroughs in the industry may make the strategy ineffective; or buyer interest may swing to other differentiating features besides price. Several example firms that are well known for their low-cost leadership strategies are Wal-Mart, BIC, McDonald's, Black and Decker, Lincoln Electric, and Briggs and Stratton.

**Question No: 31 ( Marks: 5 )**

**What are the five forces of Porter's Five Forces Model?**

**Question No: 32 ( Marks: 5 )**

**Explain Merger and Acquisition with the help of examples (examples should be related to a multinational or local company operating in Pakistan)?**

**MIDTERM EXAMINATION 2010 - 5**

**MGT603-Strategic Management**

**Question No: 1 ( Marks: 1 ) - Please choose one**

**Which of the following can be considered as a factor of internal strengths and weaknesses of an organization?**

- ▶ Technological changes
- ▶ **Production/operations**
- ▶ Demographics
- ▶ Competitive trends

**Question No: 2 ( Marks: 1 ) - Please choose one**

**The objectives set by a manager should have which of the following characteristics?**

- ▶ Should spell out how fast the company's strategy is to be implemented
- ▶ **Should be challenging and congruent among organizational units**
- ▶ Should include long-range performance targets but not short-range targets
- ▶ Should include financial performance targets but not strategic performance targets

Objectives are essential for organizational success because they state direction; aid in evaluation; create synergy; reveal priorities; focus coordination; and provide a basis for effective planning, organizing, motivating and controlling activities. Objectives should be challenging, measurable, consistent, reasonable, and clear. In a multidimensional firm, objectives should be established for the overall company and for each division.

**Question No: 3 ( Marks: 1 ) - Please choose one**

**All of the following are the examples of a broad mission EXCEPT:**

- ▶ The firm deals in beverages
- ▶ **We sell quality skimmed milk**
- ▶ Stationery is our product
- ▶ Company manufactures food items

**Broad Mission:**

Broad mission wider our mission values in terms of product and services, offered, market served, technology used and opportunity of growth. But main flow of this mission that if creates confusion among employee due to its wider sense.

**Question No: 4 ( Marks: 1 ) - Please choose one**

Which of the following business actions is NOT considered to be unethical?

- ▶ Poor product or service safety
- ▶ **Using non-union labor in a union shop**
- ▶ Misleading advertising
- ▶ Too expensive products

PAGE 15: Some business actions *always* considered to be unethical include misleading advertising or labeling, causing environmental harm, poor product or service safety, padding expense accounts, insider trading, dumping banned or flawed products.

**Question No: 5 ( Marks: 1 ) - Please choose one**

**“A Good mission statement identifies the utility of a firm's products to its customers”; which of the following represents this statement?**

- ▶ Organization's philosophy
- ▶ **Customer orientation**
- ▶ Social policy
- ▶ Declaration of attitude

**A Customer Orientation**

Good mission statement identifies the utility of a firm's products to its customers. This is why AT&T's mission statement focuses on communication rather than on telephones'

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Where an organization takes into account the effect of its strategic decisions on the society, the firm is taking care of:**

- ▶ Corporate governance
- ▶ Business policy
- ▶ Business ethics
- ▶ **Social policy**

**Question No: 7 ( Marks: 1 ) - Please choose one**

**External assessment is performed in which of the following strategic-management phase?**

- ▶ **Strategy formulation stage**
- ▶ Strategy implementation stage
- ▶ Strategy evaluation stage
- ▶ All of the given options

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Suppose, the value of the currency of a certain country falls, what can be the effect on companies in Different Industries and in Different Locations in that country respectively?**

- ▶ Significant and equal
- ▶ Marginal and equal
- ▶ **Significant and unequal**
- ▶ Insignificant and unequal

**Question No: 9 ( Marks: 1 ) - Please choose one**



What will happen to the Pakistani exports in overseas markets when there is a strong value of rupee?

- ▶ Pakistani exports will be less expensive
- ▶ **Pakistani exports will be more expensive**
- ▶ Pakistani exports will be more attractive
- ▶ Pakistani exports will be desirable

Question No: 10 (Marks: 1) - Please choose one

Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?

- ▶ Economic forces
- ▶ **Political, governmental, and legal forces**
- ▶ Social, cultural and, demographic forces
- ▶ Competitive forces

Page 36: Impact of political variables on government regulations:

- Government regulation/deregulation
- Tax law changes
- Special tariffs
- Political Action Committees (PACs)
- Voter participation rates
- Number of patents
- Changes in patent laws

Question No: 11 (Marks: 1) - Please choose one

Which one of the following is NOT is a basic mission of a competitive intelligence program?

- ▶ To provide a general understanding of an industry
- ▶ To provide a general understanding of a company's competitors
- ▶ **To identify industry executives who could be hired by the firm**
- ▶ To identify potential moves a competitor might make that would endanger a firm

Question No: 12 (Marks: 1) - Please choose one

Which of the following arise when a company can take advantage of conditions in its environment to formulate and implement strategies that enable it to become more profitable?

- ▶ Strengths
- ▶ **Opportunities**
- ▶ Weaknesses
- ▶ Threats

<http://books.google.com/books?id=Sy8vejgbcocC&pg=PA52&lpg=PA52&dq=company+can+take+advantage+of+conditions+in+its+environment+to+formulate+and+implement+strategies+that+enable+it+to+become+more+profitable&source=bl&ots=IHKYX76rMZ&sig=F9YXtOqH>

Question No: 13 (Marks: 1) - Please choose one

Assigning 1 rating to a key external factor indicates that:

- ▶ Response is superior
- ▶ Response is above average
- ▶ Response is average
- ▶ **Response is poor**

page44: Assign a 1-to-4 rating to each key external factor to indicate how effectively the firm's current strategies respond to the factor, where = 5 the response is superior, 3 = the response is above average, 2 = the response is average, and 1 = the response is poor.

Question No: 14 (Marks: 1) - Please choose one

Assigning rating '2' to an internal factor in IFE matrix indicates what?

- ▶ Major weakness
- ▶ **Minor weakness**

- ▶ Minor strength
- ▶ Major strength

page47: Assign a 1-to-4 rating to each factor to indicate whether that factor represents a major weakness (rating = 1), a minor weakness (rating = 2), a minor strength (rating = 3), or a major strength (rating = 4). Note that strengths must receive a 4 or 3 rating and weaknesses must receive a 1 or 2 rating.

**Question No: 15 ( Marks: 1 ) - Please choose one**

**Life-directing attitudes that serve as behavioral guidelines are known as:**

- ▶ **Values**
- ▶ Rites
- ▶ Beliefs
- ▶ Sagas

Page 52: Values: Life-directing attitudes that serve as behavioral guidelines

**Question No: 16 ( Marks: 1 ) - Please choose one**

**Which of the following is the first step in the controlling function of management?**

- ▶ Take corrective actions
- ▶ Restrict breaks employees take
- ▶ Evaluate expense reports
- ▶ **Establish performance standards**

Page 59: Controlling consists of four basic steps:

1. Establishing performance standards
2. Measuring individual and organizational performance
3. Comparing actual performance to planned performance standards
4. Taking corrective actions

**Question No: 17 ( Marks: 1 ) - Please choose one**

**The steps required to perform cost/benefit analysis include all BUT:**

- ▶ Comparing the total costs with the total benefits
- ▶ Figure out the total costs associated with a decision
- ▶ Approximation of the total benefits from the decision
- ▶ **Adding the total cost and total benefit**

Page 63: Three steps are required to perform a *cost/benefit analysis*:

- ~~Compute the total costs associated with a decision,~~
- ~~Estimate the total benefits from the decision, and~~
- ~~Compare the total costs with the total benefits.~~

**Question No: 18 ( Marks: 1 ) - Please choose one**

**Which of the following ratios is least likely to be helpful in evaluating a firm's decision regarding dividend?**

- ▶ Earnings-per-share ratio
- ▶ **Long-Term Debt-to-Equity Ratio**
- ▶ Dividends-per-share ratio
- ▶ Price-earnings ratio

**Question No: 19 ( Marks: 1 ) - Please choose one**

**Which of the following is the first step in developing an IFE Matrix?**

- ▶ Summing the weighted scores for each variable
- ▶ **Identifying the organization's strengths and weaknesses**
- ▶ Identifying the organization's functions of business
- ▶ Determining the lead strategist

**Page75: Internal Factor Evaluation (IFE) Matrix.** This strategy-formulation tool summarizes and evaluates the major **strengths and weaknesses** in the functional areas of a business, and it also provides a basis for identifying and evaluating relationships among those areas.

**Question No: 20 ( Marks: 1 ) - Please choose one**

The business strategy decided upon by ABC Corporation is one that engages it in production of goods that are low in cost as compared to its competitors. ABC Company is perusing which one of the following strategy?

- ▶ Differentiation strategy
- ▶ Focus strategy
- ▶ Niche strategy
- ▶ **Cost leadership strategy**

**Question No: 21 ( Marks: 1 ) - Please choose one**

The strategy embraced by Ahmad Bros. is to address the needs of a very selected and specialized market segment. Ahmad Bros. is most likely to engage in which one of the following types of strategy?

- ▶ Differentiation strategy
- ▶ Best value strategy
- ▶ **Focus strategy**
- ▶ Low cost strategy

**Page87: Focus Strategy - Cost Focus**

In this strategy the firm concentrates on a select few target markets. It is also called a focus strategy or niche strategy. It is hoped that by focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market.

**Question No: 22 ( Marks: 1 ) - Please choose one**

Which of the following is **NOT** a situation when an organization should use an unrelated diversification strategy?

- ▶ When an organization's present channels of distribution can be used to market the new products to current customers
- ▶ **Revenues from current products/services would increase significantly by adding the new related products**
- ▶ When an organization competes in a highly competitive and/or a no-growth industry
- ▶ When the new products have counter-cyclical sales patterns compared to an organization's present products

Ref: <http://www.slideshare.net/mukeshkumar84/growth-strategy-presentation>

Revenues from current products/services would increase significantly by adding the new **unrelated** products

**Question No: 23 ( Marks: 1 ) - Please choose one**

Smoothies Tire & Rubber Co. is selling its North American tire business to Avinza International, is an example of which type of strategy?

- ▶ Related diversification
- ▶ Retrenchment
- ▶ **Divestiture**
- ▶ Liquidation

**Page 94: Divestiture**

Selling a division or part of an organization is called *divestiture*. Divestiture often is used to raise capital for further strategic acquisitions or investments.

**Question No: 24 ( Marks: 1 ) - Please choose one**

A joining of two companies through one company buying more than one half of the other company's stocks is known as:

- ▶ Monopolization
- ▶ A spin-off
- ▶ **An acquisition**
- ▶ A merger

**Question No: 25 ( Marks: 1 ) - Please choose one**

Which of the following environment includes all those factors which affect the organization and is itself affected by the organization?

- ▶ **Task environment**
- ▶ Social environment
- ▶ External environment
- ▶ Internal environment

**Page 9: Task Environment:**

Task environment includes all those factors which affect the organization and itself affected by the organization. These factor effects the specific related organizations. These factors are shareholders community, labor unions, creditor, customers, competitors, trade associations.

**Question No: 26 ( Marks: 1 ) - Please choose one**

Which of the following is a key merit of strategic management?

- ▶ **Strategic management enables an organization to be proactive**
- ▶ Strategic management enables an organization to avoid the threats
- ▶ Strategic management enables an organization to defeat their competitors
- ▶ Strategic management enables an organization to foresee into the future

**Page 11:** Following are the major benefits of Strategic management:

- Proactive in shaping firm's future
- Initiate and influence actions
- Formulate better strategies (Systematic, logical, rational approach)

**Question No: 27 ( Marks: 1 ) - Please choose one**

Developing vision and mission statements is important because of the following reasons **EXCEPT:**

- ▶ They are the basis for allocating resources
- ▶ **They are useful for large firms only**
- ▶ They establish organizational culture
- ▶ They translate objectives into work structure

**Question No: 28 ( Marks: 1 ) - Please choose one**

All of the following are the circumstances when forward integration strategies are beneficial to be practiced **EXCEPT:**

- ▶ Availability of quality distributors is limited
- ▶ Existing markets for present products are saturated
- ▶ Advantages of stable production are high
- ▶ **Present distributors have high profit margins**

(zh,,08dec10)

**Page 82: Guidelines for the use of integration strategies:**

Six guidelines when forward integration may be an especially effective strategy are:

- Present distributors are expensive, unreliable, or incapable of meeting firm's needs
- Availability of quality distributors is limited
- When firm competes in an industry that is expected to grow markedly
- Organization has both capital and human resources needed to manage new business of distribution
- Advantages of stable production are high
- Present distributors have high profit margins

**Question No: 29 ( Marks: 3 )**

What are the two basic types of R & D that can take place in an organization?

**Question No: 30 ( Marks: 3 )**

Vertical integration is the degree to which the firm owns its upstream and its downstream buyers. What can be the possible benefits if the firm goes for vertical integration?

**Question No: 31 ( Marks: 5 )**

Mr. Mansoor is a finance manager of a firm. He is asked to prepare a financial ratio analysis. What can be the possible limitations of his analysis?

**Question No: 32 ( Marks: 5 )**

Mergers or acquisitions are the methods by which two companies combine to form a larger company. What can be the reasons for achieving mergers or acquisitions?

**MIDTERM EXAMINATION**  
**Spring 2009**  
**MGT603- Strategic Management (Session - 1)**

**Question No: 1 ( Marks: 1 ) - Please choose one**

Various job titles of a strategist may include all of the following EXCEPT:

1. Owner
2. [Foreman P6](#)
3. Chancellor
4. Chief executive officer

**Question No: 2 ( Marks: 1 ) - Please choose one**

According to 'Peter Drucker', what is the prime task of strategic management?

1. To develop the vision of the business
2. Effectively evaluate the strategies
3. [To think through the overall mission of a business P4](#)
4. Develop alternative set of strategies

**Question No: 3 ( Marks: 1 ) - Please choose one**

Strategist is an individual who is involved in the strategic management process, thus may be known as:

1. Member board of director
2. [President P6](#)
3. Division manager
4. All of the given options

**Question No: 4 ( Marks: 1 ) - Please choose one**

External opportunities and threats that can significantly benefit or harm an organization may include all of the following EXCEPT:

1. Demographics
2. Competitive trends
3. Technological changes
4. [Research and development P7](#)

**Question No: 5 ( Marks: 1 ) - Please choose one**

The S & T Organization has an established "game plan" for its business operations. This game plan reflects the company's awareness of how and where it should compete and against whom the competition should take place. It can be stated that this organization has an established

1. Goal
2. Formality
3. Policy
4. [Strategy](#)

**Question No: 6 ( Marks: 1 ) - Please choose one**

Identify the term that is known as a "mean of providing guidance to actions and procedures, including how resources are to be allocated and how tasks assigned to the organization might be accomplished".

1. [Policies](#)
2. Objectives
3. Aspirations
4. Goals

**Question No: 7 ( Marks: 1 ) - Please choose one**

All of the following statements are true about a firm's mission statement EXCEPT:

1. A mission statement directly contributes positively to financial performance
2. A mission statement does not directly contribute positively to financial performance
3. [A mission statement should not provide useful criteria for selecting among alternative strategies](#)

4. Primary reason to develop a mission statement is not to attract the customers

**Question No: 8 ( Marks: 1 ) - Please choose one**

All of the following external forces directly affect an organization EXCEPT:

1. Market segmentation strategies
2. Types of products/services offered
3. **Management structure of an organization P28**
4. Choice of businesses to acquire or sell

**Question No: 9 ( Marks: 1 ) - Please choose one**

"If a strategist has identified that the market growth rate is 8 %, the number of sellers in industry are 52 and the industry's products are differentiated." Which of the following industry's success factor he is exploring?

1. Social forces
2. Competitive forces
3. Social forces
4. **Economic forces**

[http://highered.mcgraw-hill.com/sites/0073530425/student\\_view0/chapter3/chapter\\_test.html](http://highered.mcgraw-hill.com/sites/0073530425/student_view0/chapter3/chapter_test.html)

**Question No: 10 ( Marks: 1 ) - Please choose one**

Suppose, the value of the currency of a certain country falls, what can be the effect on companies in Different Industries and in Different Locations in that country respectively?

1. Significant and equal
2. Marginal and equal
3. **Significant and unequal**
4. Insignificant and unequal

**Question No: 11 ( Marks: 1 ) - Please choose one**

Which one variable falls under the category of the Social, Cultural, Demographic, and Environmental Variable?

1. Propensity of people to spend
2. **Buying habits P34**
3. Level of disposable income
4. Income differences by region

**Question No: 12 ( Marks: 1 ) - Please choose one**

Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?

1. Economic forces
2. **Political, governmental, and legal forces P37**
3. Social, cultural and, demographic forces
4. Competitive forces

**Question No: 13 ( Marks: 1 ) - Please choose one**

Which of the following best describes this statement; "A systematic and ethical process for gathering and analyzing information about the competition's activities and general business trends to further a business' own goals"?

1. External assessment
2. Industry analysis
3. **Competitive intelligence program P43**
4. Business ethics

**Question No: 14 ( Marks: 1 ) - Please choose one**

Which of the following can be considered as barriers to entering a market or industry?

1. The lack of economies of scale and experience and low levels of brand loyalty
2. **The presence of large number of rivals already in the industry**
3. Relatively large capital requirements and industry have economies of scale
4. The absence of tariffs, trade restrictions, and/or government-mandated regulations

**Question No: 15 ( Marks: 1 ) - Please choose one**

Supplier bargaining power is not likely to pose strong competitive pressure when which of the following situation is prevailing?

1. Buying firms are looking for suppliers with superior just-in-time supply
2. capabilities and low prices
3. The suppliers furnish a critical part or component that is in relatively short supply
4. **Buying firms collaborate closely with their key suppliers to achieve mutual benefits**
5. The products of alternative suppliers are highly differentiated, making the cost of switching relatively high

**Question No: 16 ( Marks: 1 ) - Please choose one**

Which of the following is a collection of firms that offers similar products or services? such as IBM, Apple, and Dell?  
Concentration

**Industry**

Corporation

Alliances

**Question No: 17 ( Marks: 1 ) - Please choose one**

While preparing an External Factor Evaluation Matrix, a total score of 0.8 indicates that:  
Firm is taking advantages of strengths and avoiding threats  
Firm is taking no advantage of opportunities and is avoiding threats  
**Firm is not taking advantages of opportunities and is not avoiding threats P45**  
Firm is taking advantage of opportunities and is avoiding the threats

**Question No: 18 ( Marks: 1 ) - Please choose one**

Assigning rating '2' to an internal factor in IFE matrix indicates what?

Major weakness

**Minor weakness P47**

Minor strength

Major strength

**Question No: 19 ( Marks: 1 ) - Please choose one**

Which of the following are signs of weakness in a company's competitive position?

**(ANS Required)**

A return-on-equity is below 25% and earnings per share is less than Rs. 2.00

A price set by the firm higher than the market leader

A declining market share, poor product quality and few sales in market

Lower revenues and profit margin and narrow product line than the market leader

**Question No: 20 ( Marks: 1 ) - Please choose one**

What is the essential bridge between the present and the future that increases the likelihood of achieving desired results

Motivating

**Planning P54**

Controlling

Organizing

**Explanation:**

Planning is the: Start of the process

Bridge between present and future, Increases likelihood of achieving desired results

**Question No: 21 ( Marks: 1 ) - Please choose one**

Sana has spent a day in a session where the future of her company was discussed.

The people involved were trying to determine what the role of their company was as the 21st century approaches. Goals were then developed based upon their vision of the company's mission. Sana spent her day on which of the following process?

**Planning**

Organizing

Leading

Controlling

**Question No: 22 ( Marks: 1 ) - Please choose one**

How Synergy can numerically be expressed?

$2+2=3$  (NEGATIVE)

$2+2=0$

$2+2=4$

**$2+2=5$  POSITIVE SYNERGY**

Ref: <http://www.referenceforbusiness.com/management/Str-Ti/Synergy.html>

**Question No: 23 ( Marks: 1 ) - Please choose one**

Which of the following can reveal the demographic characteristics of an organization's?

Customers?

Test marketing

**Customer profiling**

Market development

Vision statement

**Ref:**

The information generated by customer analysis can be essential in developing an effective mission statement.

Customer Profiles can reveal the demographic characteristics of an organization's customers. P61

**Question No: 24 ( Marks: 1 ) - Please choose one**

Test marketing is commonly applied by which of the following companies?

Industrial goods companies

**Consumer goods companies P62**

Public sector companies

Private sector companies

**Question No: 25 ( Marks: 1 ) - Please choose one**

All of the following are the consideration for a company when conducting test marketing EXCEPT:

**What advertising channel should be used for test? P61**

How many cities to include for test?

What information to collect during the test?

What action to take after the test has been completed?

**Question No: 26 ( Marks: 1 ) - Please choose one**

Which of the following ratios is least likely to be helpful in evaluating a firm's decision?

Regarding dividend?

Earnings-per-share ratio

**Long-Term Debt-to-Equity Ratio**

Dividends-per-share ratio

Price-earnings ratio

Ref:

Three financial ratios that are helpful in evaluating a firm's dividend decisions are the earnings-per share Ratio, the dividends-per-share ratio, and the price-earnings ratio.

**Question No: 27 ( Marks: 1 ) - Please choose one**

Debt-to-equity ratio is one of the types of which ratios?

Profitability

**Leverage P65**

Liquidity

Activity

**Question No: 28 ( Marks: 1 ) - Please choose one**

In strategy formulation phase, what can be the problem when only financial ratios are used to measure organizational performance?

They need to be compared with competitors'

They are only understandable by accountants

There are many different measures available

The measures are usually inconsistent

Financial measures need to be compared with competitors to have any value in a strategic sense

**Question No: 29 ( Marks: 1 ) - Please choose one**

All of the following are functional support roles of Management Information System

EXCEPT:

Recording and storing accounting records

Recording and storing inventory data

Recording and storing business intelligence data

**The enhanced ability to explore "what if"**

(See p82 Topic functional support roles)

**Question No: 30 ( Marks: 1 ) - Please choose one**

----- become/s information only when it/they is/are evaluated, filtered, condensed, analyzed and organized for a specific purpose, problem, individual, or time.

Material

**Data**

Competitive advantages

Competitor analysis

Ref:

Data becomes information only when it is evaluated, filtered, condensed, analyzed, and organized for a specific purpose, problem, individual, or time

**Question No: 31 ( Marks: 1 ) - Please choose one**

Which of the following is a drawback or limitation of Horizontal Integration?

**Synergies may be more imaginary than real**

It can increase suppliers' and buyers' bargaining power



Economies of scale are likely to be decreased

Both the first & third options are correct

**Disadvantage of Horizontal integration:**

Synergies maybe more imaginary than real

Substitutes market is often very different. Challenge occurs to management during acquisition.

Reduction in competition may lead to anti-trust issues. <http://ccit300.wikispaces.com/Horizontal+Integration>

**Question No: 32 ( Marks: 1 ) - Please choose one**

The business strategy decided upon by ABC Corporation is one that engages it in production of goods that are low in cost as compared to its competitors. ABC Company is perusing which one of the following strategy?

Differentiation strategy

Focus strategy

Niche strategy

**Cost leadership strategy (see topic p85)**

**Question No: 33 ( Marks: 1 ) - Please choose one**

Where usage rate of present customers of the company can be increased significantly and the current markets are not saturated, which strategy would be effective for the company to follow?

**Market Penetration**

Product Development

Market Development

Retrenchment

Ref:

Four guidelines when market penetration may be an especially effective strategy are:

Current markets not saturated

Usage rate of present customers can be increased significantly

Market shares of competitors declining while total industry sales increasing

Increased economies of scale provide major competitive advantages

**Question No: 34 ( Marks: 1 ) - Please choose one**

Which of the followings involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels?

Innovation

Differentiation

**Product development**

Market development

Ref:

Product development is a strategy that seeks increased sales by improving or modifying present products or services.

**Question No: 35 ( Marks: 1 ) - Please choose one**

Rose Company markets new products or services that have no technological or commercial synergies with current products, but which may appeal to new groups of customers. Which strategy is being adopted by Rose Company?

Horizontal diversification

Horizontal integration

**Conglomerate diversification**

Backward integration

Explanation:

Conglomerate diversification means Adding new, unrelated products or services for new customer.

**Question No: 36 ( Marks: 1 ) - Please choose one**

XYZ Corporation has decided to cut back on its product lines and to reduce the size of its operations because it can support no longer commitments needed to sustain it.

XYZ is going to pursue which of the following strategy?

Divestiture

Conglomerate diversification

**Retrenchment**

Liquidation

Retrenchment: Explanation

Regrouping through cost and asset reduction to reverse declining sales and Profit

**Question No: 37 ( Marks: 1 ) - Please choose one**

Ahmad Textiles and Superior Textiles have come with each other in cross-manufacturing agreement, the firms are going for which of the following?

Liquidation

Acquisition

**Joint venture (Not sure)**

Takeover

**Question No: 38 ( Marks: 1 ) - Please choose one**

Mergers and acquisitions are created for all of the following reasons EXCEPT:

- For gaining new technology
- For reduction of tax obligations
- For gaining economies of scale

**For increase in number of employees**

Ref: Some of the potential advantages of mergers and acquisitions include achieving economies of scale, combining complementary resources, garnering tax advantages, and eliminating inefficiencies.

**Question No: 39 ( Marks: 1 ) - Please choose one**

Which of the following enables the firm to create superior value for its customers and superior profits for itself in comparison to its rival firms?

**Competitive advantage**

- Comparative advantage
- Differential advantage
- Suitable advantage
- (us,,dec10)

**Question No: 40 ( Marks: 1 ) - Please choose one**

Non-financial benefits of strategic management include all of the following EXCEPT:

- Enhanced awareness of threats
- Reduced resistance to change

**Increase in sales P11**

Better awareness of external threats

**Question No: 41 ( Marks: 5 )**

A good mission statement should include "Customer orientation", what does it mean? Explain it with the help of simple examples.

**Question No: 42 ( Marks: 5 )**

What are strengths and weaknesses of an organization? Explain with the help of examples.

**MIDTERM EXAMINATION**

**Spring 2010**

**MGT603- Strategic Management (Session - 5)**

**Time: 60 min**

**Marks: 44**

**Question No: 1 ( Marks: 1 ) - Please choose one**

Which of the following is an example of a narrow mission?

- ▶ **We sell packaged pineapples**
- ▶ The firm deals in beverages
- ▶ Stationery is our product
- ▶ Company manufactures food items

**Question No: 2 ( Marks: 1 ) - Please choose one**

All of the following are the examples of a broad mission **EXCEPT:**

- ▶ The firm deals in beverages
- ▶ **We sell quality skimmed milk**
- ▶ Stationery is our product
- ▶ Company manufactures food items

**Question No: 3 ( Marks: 1 ) - Please choose one**

The organizations that conduct business operations across national borders are known as:

- ▶ **Multinational corporations**
- ▶ Domestic firms
- ▶ Strategic alliances
- ▶ Franchises

**Question No: 4 ( Marks: 1 ) - Please choose one**

A mission statement should "reconcile interests among diverse stakeholders". What does it mean?

- ▶ All shareholders must be satisfied
- ▶ Shareholders should be given preference over customers
- ▶ **Firm will devote attention to meeting claims of various stakeholders**

- ▶ Firm will devote its attention towards the maximization of shareholders value

**Question No: 5 ( Marks: 1 ) - Please choose one**

Where an organization takes into account the effect of its strategic decisions on the society, the firm is taking care of:

- ▶ Corporate governance
- ▶ Business policy
- ▶ Business ethics
- ▶ **Social policy**

Social issues mandate

that strategists consider not only what the organization owes its various stakeholders but also what responsibilities the firm has to consumers, environmentalists, minorities, communities, and other groups. After decades of debate on the topic of social responsibility, many firms still struggle to determine appropriate social policies

**Question No: 6 ( Marks: 1 ) - Please choose one**

External assessment is performed in which of the following strategic-management phase?

- ▶ **Strategy formulation stage**
- ▶ Strategy implementation stage
- ▶ Strategy evaluation stage
- ▶ All of the given options

**Question No: 7 ( Marks: 1 ) - Please choose one**

Suppose, the value of the currency of a certain country falls, what can be the effect on companies in Different Industries and in Different Locations in that country respectively?

- ▶ Significant and equal
- ▶ Marginal and equal
- ▶ **Significant and unequal**
- ▶ Insignificant and unequal

the value of the currency is fall for a certain country. It has over all a significant effect. But it is not necessary that this effect will be treated equally at the different industries and location of that country.

**Question No: 8 ( Marks: 1 ) - Please choose one**

Which of the following is one of the Political, Governmental & Legal factors?

- ▶ Ethical concerns
- ▶ Traffic congestion
- ▶ **Lobbying activities**
- ▶ Average level of education

### Political, Governmental, and Legal Forces

Government Regulation

Key opportunities & key threats

- Antitrust legislation (Microsoft)
- Tax rates
- Lobbying efforts
- Patent laws

**Question No: 9 ( Marks: 1 ) - Please choose one**

Use of the Internet and Internet technologies can be integrated into the sales of on-line as well as off-line business and marketing portion of the value chain through which of the following?

- ▶ Through software that permits customers to specify build-to-order options
- ▶ Through online product catalogs containing rich product information and specifications
- ▶ Via online price quotes and online announcements of special sales and promotions
- ▶ All of the given options

**Question No: 10 ( Marks: 1 ) - Please choose one**

Which of the following statement is TRUE about Internal audit?

- ▶ **It is done parallel to external audit**
- ▶ It is done before external audit
- ▶ It is done after external audit
- ▶ None of the given options

The process of performing an *internal audit* closely parallels the process of performing an external audit.

**Question No: 11 ( Marks: 1 ) - Please choose one**

All of the following are included in the five functions of the management process except:

- ▶ Planning
- ▶ Organizing

- ▶ Leading
- ▶ **Delegating**

**Question No: 12 ( Marks: 1 ) - Please choose one**

**Which of the following statement is correct about distinctive competence?**

- ▶ Is usually tied closely to the ability of a company's manufacturing capability and/or its proprietary technology and know-how
- ▶ Nearly always resides in the ability of the company's assets on its balance sheet rather than in its people
- ▶ Is better suited in helping companies defend against external threats than in pursuing external market opportunities
- ▶ **Is a unique thing that a firm does really well and that quality or attribute sets it aside from its competitors**

**Question No: 13 ( Marks: 1 ) - Please choose one**

**Which of the following ratios is least likely to be helpful in evaluating a firm's decision regarding dividend?**

- ▶ Earnings-per-share ratio
- ▶ **Long-Term Debt-to-Equity Ratio**
- ▶ Dividends-per-share ratio
- ▶ Price-earnings ratio

Three financial ratios that are helpful in evaluating a firm's dividend decisions are the earnings-per share ratio, the dividends-per-share ratio, and the price-earnings ratio.

**Question No: 14 ( Marks: 1 ) - Please choose one**

Amir, a sole proprietor, uses the information system to ask the question; "What if the prices will decrease by 16% in the next year?" Which of the following functions the information system is performing for Amir?

- ▶ Functional support role
- ▶ **Decisional support role**
- ▶ Managerial support role
- ▶ Analytical supporting role

The decision support role

The business decision-making support function goes one step further. It becomes an integral part -- even a vital part -- of decision-making. It allows users to ask very powerful "What if..." questions:

**Question No: 15 ( Marks: 1 ) - Please choose one**

Assigning a rate=2 in IFE matrix indicates what?

- ▶ A major weakness
- ▶ **A minor weakness**
- ▶ A minor strength
- ▶ A major strength

a minor weakness (rating 2),

**Question No: 16 ( Marks: 1 ) - Please choose one**

Which of the following is sometimes referred as "the mystery approach to decision making, when subordinates are left to figure out what is happening and why"?

- ▶ Managing by hope
- ▶ Managing by extrapolation
- ▶ Managing by crisis
- ▶ **Managing by subjectives**

Managing by Subjective—built on the idea that there is no general plan for which way to go and what to do; just do the best you can to accomplish what you think should be done. In short, "Do your own thing, the best way you know how" (sometimes referred to as the mystery approach to decision making because subordinates are left to figure out what is happening and why).

**Question No: 17 ( Marks: 1 ) - Please choose one**

The Web sites that sell products directly to the consumers are the examples of which type of strategy?

- ▶ Backward integration
- ▶ Product development
- ▶ **Forward integration**
- ▶ Horizontal integration

<http://>

**Question No: 18 ( Marks: 1 ) - Please choose one**

Khawar Garments, a domestic firm begins to export to India, it is an example of which of the following?

- ▶ Horizontal integration
- ▶ **Market development**
- ▶ Forward integration
- ▶ Concentric diversification

Market Development: Introducing present products or services into new geographic area

**Question No: 19 ( Marks: 1 ) - Please choose one**

Which of the following is **NOT** a situation when an organization should use an unrelated diversification strategy?

► When an organization's present channels of distribution can be used to market the new products to current customers

► **Revenues from current products/services would increase significantly by adding the new related products**

► When an organization competes in a highly competitive and/or a no-growth industry

► When the new products have counter-cyclical sales patterns compared to an organization's present products

Let me explain what is unrelated diversification It is when a business adds new, or unrelated, product lines. For example, the phone company might decide to go into the television business or into the radio business (zh,nov10)

**Question No: 20 ( Marks: 1 ) - Please choose one**

Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?

► **Liquidation**

► Integration

► Differentiation

► Diversification

**Question No: 21 ( Marks: 1 ) - Please choose one**

When both divestiture and retrenchment have been pursued unsuccessfully, which of the following strategies is effective to pursue?

► Forward integration

► **Liquidation**

► Merger

► Takeover

**Guidelines for Liquidation**

Three guidelines when liquidation may be an especially effective strategy to pursue are:

When both retrenchment and divestiture have been pursued unsuccessfully

If the only alternative is bankruptcy, liquidation is an orderly alternative

When stockholders can minimize their losses by selling the firm's assets

**Question No: 22 ( Marks: 1 ) - Please choose one**

Which of the following enables the firm to create superior value for its customers and superior profits for itself in comparison to its rival firms?

► **Competitive advantage**

► Comparative advantage

► Differential advantage

► Suitable advantage

A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself.

**Question No: 23 ( Marks: 1 ) - Please choose one**

During which of the following periods, Strategic Management was considered to be cure for all problems?

► **Mid 1960s to mid 1970s**

► Mid 1970s to mid 1980s

► Mid 1980s to mid 1990s

► Mid 1950s to mid 1960s

In 1960; s and 70 it was considered to be panacea for problems. But in 1980; s two important revolutions

**Question No: 24 ( Marks: 1 ) - Please choose one**

In which of the given phases of strategic management, strategies are put into action?

► Strategy formulation

► **Strategy implementation**

► Strategy evaluation

► All of the given options

**Question No: 25 ( Marks: 1 ) - Please choose one**

Which of the following is a key merit of strategic management?

► **Strategic management enables an organization to be proactive**

► Strategic management enables an organization to avoid the threats

► Strategic management enables an organization to defeat their competitors

► Strategic management enables an organization to foresee into the future

Following are the major benefits of Strategic management:

Proactive in shaping firm's future

Initiate and influence actions

Formulate better strategies (Systematic, logical, rational approach)

**Question No: 26 ( Marks: 1 ) - Please choose one**

“If a strategist has identified that the market growth rate is 8 %, the number of sellers in industry are 52 and the industry's products are differentiated.” Which of the following industry's success factor is he exploring?

- ▶ Social forces
- ▶ Competitive forces
- ▶ Political forces
- ▶ Economic forces

**Question No: 27 ( Marks: 1 ) - Please choose one**

Which of the following is the decision support role of Management Information System?

- ▶ Processing marketing records into marketing plans
- ▶ **Allowing users to ask "What if" questions**
- ▶ Recording and storing such as human resource records
- ▶ Processing operations records into production schedules

**Question No: 28 ( Marks: 1 ) - Please choose one**

A series of ratios that measure the extent to which a firm has been financed by debt is known as:

- ▶ Activity ratios
- ▶ **Leverage ratios**
- ▶ Profitability ratios
- ▶ Liquidity ratios

Leverage ratios measure the extent to which a firm has been financed by debt.

**Question No: 29 ( Marks: 3 )**

Planning function is mostly carried out by managers in strategy formulation stage. What activities are performed under this function?

Answer:

Following functions are performed under strategy formulation stage:

- 1-Vision and Mission Statement (target of the organization)
- 2-Strengths and Weaknesses.(Internal factors.)
- 3-Opportunities and Threats.(External factors)

Strategy formulation is concerned with setting long term goals and objectives , generating strategies to achieve those goals.

**Question No: 30 ( Marks: 3 )**

What should be the characteristics of a firm that is successfully pursuing a Cost Leadership Strategy? Enlist any six of them.

Answer:

Six characteristics of successfully pursuing cost leadership strategy firm:

- 1-Limited perks.
- 2-High efficiency.
- 3- Low overhead.
- 4-Wide spans of control.
- 5-Intensive screening of budget.
- 6-Employees participation in cost control efforts.

**Question No: 31 ( Marks: 5 )**

List down and explain five steps that comprise an effective framework for conducting an IFE Matrix.

**Steps involved in the development of IFE Matrix:**

- 1-List any internal factors identified in the internal audit . Only ten to twenty factors will be enough including strengths and weakness.Use percentage , ratios and comparative numbers.
- 2-Assign weights to each factor ranging from 0 to 1.The rates assigned indicate the relative importance of each factor to being successful.Sum of all weights must be equal to 1.
- 3-Assign 1-4 rating to each factor to see whether the factor represents major weakness(rate=1) or minor weakness (rate=2) , minor strength (rate =3 ) or major strength (rate=4).
- 4- Multiply each factor's weights to its ratings to determine its weighted score.
- 5-Sum the weighted score of each variable

**Question No: 32 ( Marks: 5 )**

Give at least two examples of multinational or local firms that are operating in Pakistan and have initiated backward integration. Justify your answer?

**MIDTERM EXAMINATION 2009 - 4**  
**MGT603-Strategic Management**

**Question No: 1 ( Marks: 1 ) - Please choose one**

Which of the following is the greatest advantage of international operations?

- ▶ Reduced tariffs and taxes
- ▶ Access to global business practices
- ▶ [Gaining new customers](#)
- ▶ Less-intense competition

**Question No: 2 ( Marks: 1 ) - Please choose one**

**Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?**

- ▶ Technology
- ▶ [Philosophy](#)
- ▶ Customers
- ▶ Self-concept

**Question No: 3 ( Marks: 1 ) - Please choose one**

**One of the important components of a mission statement is Technology, which of the following question is correct about technology as a mission component?**

- ▶ Is the firm using technology for the manufacturing its products?
- ▶ [Is the firm technologically current?](#)
- ▶ Is the firm producing technology oriented products (like electronics)?
- ▶ Is the firm using technology to deal with customer complaints?

**Question No: 4 ( Marks: 1 ) - Please choose one**

**The purpose of an external audit is to prepare a list of which of the following?**

- ▶ Opportunities and weaknesses
- ▶ Threats and strengths
- ▶ [Opportunities and threats](#)
- ▶ Strengths and weaknesses

**Question No: 5 ( Marks: 1 ) - Please choose one**

**What will happen to the Pakistani exports in overseas markets when there is a strong value of rupee?**

- ▶ Pakistani exports will be less expensive
- ▶ [Pakistani exports will be more expensive](#)
- ▶ Pakistani exports will be more attractive
- ▶ Pakistani exports will be desirable

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Which of the following is TRUE about anti-trust legislation?**

- ▶ The is the law intended to protect the ozone layer in the environment
  - ▶ This is the law intended to regulate the tax rates in the economy
  - ▶ [This is the law intended to promote free competition in the market](#)
  - ▶ This is the law intended to regulate and register the patents
- law intended to promote free competition in the market place by outlawing monopolies

**Question No: 7 ( Marks: 1 ) - Please choose one**

**Which of the following is one of the Political, Governmental & Legal factors?**

- ▶ Ethical concerns
- ▶ Traffic congestion
- ▶ [Lobbying activities](#)
- ▶ Average level of education

**Political, Governmental, and Legal Forces**

Government Regulation

Key opportunities & key threats

- Antitrust legislation (Microsoft)
- Tax rates
- Lobbying efforts
- Patent laws

**Question No: 8 ( Marks: 1 ) - Please choose one**

[www./](#)

**Which one of the following is NOT is a basic mission of a competitive intelligence program?**

- ▶ To provide a general understanding of an industry
- ▶ To provide a general understanding of a company's competitors
- ▶ [To identify industry executives who could be hired by the firm](#)
- ▶ To identify potential moves a competitor might make that would endanger a firm

**Question No: 9 ( Marks: 1 ) - Please choose one**

**Which one of the statements is a good example of the competitive power of substitute products?**

- ▶ The competition between cellular phones and computers.
- ▶ The competition between Aspirin and joshanda
- ▶ The competition between contact lens and eyeglasses

- ▶ The competition between Amazon.com and traditional off-line bookstores

**Question No: 10 ( Marks: 1 ) - Please choose one**

**In Porter's Five Forces, the 'threat of new entrants' relates to which factor?**

- ▶ [Barriers to entry](#)
- ▶ Substitutes
- ▶ Switching cost
- ▶ Buyer power

**Question No: 11 ( Marks: 1 ) - Please choose one**

**Which one of the following best describes “a substitute product or service”?**

- ▶ A competitor's product or service
- ▶ **An alternative way of meeting the same need**
- ▶ A new entrant into the industry
- ▶ A less attractive way of meeting the same need

**Question No: 12 ( Marks: 1 ) - Please choose one**

**Which of the following can be the strength of an organization?**

- ▶ A developing market
- ▶ A new international market
- ▶ Loosening of regulation
- ▶ [Strong management team](#)

**Question No: 13 ( Marks: 1 ) - Please choose one**

**What is Synergy?**

- ▶ An act of formulating a program for a definite course of action
- ▶ [When a team effort is used to achieve desired results](#)
- ▶ When individuals work separately to achieve desired results
- ▶ When financial expectations of the firm are decided upon

**Question No: 14 ( Marks: 1 ) - Please choose one**

**Which of the following function of management is concerned with span of control and chain of command?**

- ▶ Planning
- ▶ [Organizing](#)
- ▶ Controlling
- ▶ Evaluating

**Question No: 15 ( Marks: 1 ) - Please choose one**

**All of the following are the consideration for a company when conducting test marketing EXCEPT:**

- ▶ [What advertising channel should be used for test?](#)
- ▶ How many cities to include for test?
- ▶ What information to collect during the test?
- ▶ What action to take after the test has been completed?

**Question No: 16 ( Marks: 1 ) - Please choose one**

**The IFE matrix summarizes and evaluates which factors in the functional areas of a business?**

- ▶ Opportunities and threats
- ▶ [Strengths and weaknesses](#)
- ▶ Strengths and threats
- ▶ Opportunities and weaknesses

**Question No: 17 ( Marks: 1 ) - Please choose one**

**Which of the following is the first step in developing an IFE Matrix?**

- ▶ Summing the weighted scores for each variable
- ▶ [Identifying the organization's strengths and weaknesses](#)
- ▶ Identifying the organization's functions of business
- ▶ Determining the lead strategist

**Question No: 18 ( Marks: 1 ) - Please choose one**

**Which of these strategies is effective when the number of suppliers is small and the number of competitors is large?**

- ▶ Conglomerate diversification
- ▶ Forward integration
- ▶ [Backward integration](#)
- ▶ Horizontal diversification



**Guidelines for Backward Integration:**

Six guidelines when backward integration may be an especially effective strategy are:

- . When present suppliers are expensive, unreliable, or incapable of meeting needs
- . Number of suppliers is small and number of competitors large
- . High growth in industry sector
- . Firm has both capital and human resources to manage new business
- . Advantages of stable prices are important
- . Present supplies have high profit margins

**Question No: 19 ( Marks: 1 ) - Please choose one**

The strategy embraced by Ahmad Bros. is to address the needs of a very selected and specialized market segment. Ahmad Bros. is most likely to engage in which one of the following types of strategy?

- ▶ Differentiation strategy
- ▶ Best value strategy
- ▶ [Focus strategy](#)
- ▶ Low cost strategy

**Question No: 20 ( Marks: 1 ) - Please choose one**

Market penetration is one of the intensive strategies. Which one of the following best describes market penetration?

- ▶ Protecting and strengthening the organization's sales by improving present products or services or developing new products
- ▶ Protecting and strengthening the organization's position in new markets through its current products
- ▶ [Protecting and strengthening the organization's position in its current markets through its current products](#)
- ▶ Protecting and strengthening the organization's position by adding new, unrelated products for present customers

**Question No: 21 ( Marks: 1 ) - Please choose one**

Mostly large firms are initiating plans to acquire another unrelated business because it represents the most promising investment opportunity that is available to them. This type of strategic plan is known as:

- ▶ [Conglomerate diversification](#)
- ▶ Backward integration
- ▶ Concentric diversification
- ▶ Divestiture

**Question No: 22 ( Marks: 1 ) - Please choose one**

Ahmad Textiles and Superior Textiles have come with each other in cross-manufacturing agreement, the firms are going for which of the following?

- ▶ Liquidation
- ▶ Acquisition
- ▶ [Joint venture](#)
- ▶ Takeover

**Question No: 23 ( Marks: 1 ) - Please choose one**

When ABC Corporation makes decisions that assist it in formulating and implementing plans designed to achieve its objectives, it is most likely to engage in which one of the following?

- ▶ [Strategic Management](#)
- ▶ Strategy Utilization
- ▶ Strategic Processing
- ▶ Strategic Formality

**Question No: 24 ( Marks: 1 ) - Please choose one**

Adapting to change confronts an organization's strategic management to which of the following issue(s):

- ▶ What kind of business we should be in?
- ▶ Are we in the right field?
- ▶ Should we reshape our business?
- ▶ [All of the given options](#)

**Question No: 25 ( Marks: 1 ) - Please choose one**

Non-financial benefits of strategic management include all of the following **EXCEPT**:

- ▶ Enhanced awareness of threats
- ▶ Reduced resistance to change
- ▶ [Increase in sales](#)
- ▶ Better awareness of external threats

**Question No: 26 ( Marks: 1 ) - Please choose one**

\_\_\_\_\_ is the principle of conduct that guides decision-making.

- ▶ Human rights
- ▶ **Business ethics**
- ▶ The constitution
- ▶ Social responsibility

**Question No: 27 ( Marks: 1 ) - Please choose one**

Which of the following should be created first and foremost by a strategist?

- ▶ Strategy
- ▶ Objectives
- ▶ **Vision**
- ▶ Mission

**Question No: 28 ( Marks: 1 ) - Please choose one**

Which of the following statements describes a company's strategic vision?

- ▶ **Gives a broad, aspiration image of the future that an organization is aiming to achieve**
- ▶ Sets forth the long-range financial and strategic performance targets that organization seeks to achieve
- ▶ Indicates the boundaries of the company's present business
- ▶ Reflects how strategic objectives are to be achieved

**Question No: 29 ( Marks: 3 )**

Explain test marketing and its significance for an organization.

**Answer:**

Test markets allow an organization to test alternative marketing plans and to forecast future sales of new products. In conducting a test market project, an organization must decide how many cities to include, which cities to include, how long to run the test, what information to collect during the test, and what action to take after the test has been completed. Test marketing is used more frequently by consumer goods companies than by industrial goods companies. Test marketing can allow an organization to avoid substantial losses by revealing weak products and ineffective marketing approaches before large-scale production begins.

**Question No: 30 ( Marks: 3 ) Vertical integration is the degree to which the firm owns its upstream and its downstream buyers. What can be the possible benefits if the firm goes for vertical integration?**

**Answer: Benefits of vertical integration:**

Allow a firm to gain control over:

**Question No: 1 ( Marks: 1 ) - Please choose one**

Long-term objectives includes all of the following **EXCEPT**:

- ▶ Measurable
- ▶ Reasonable
- ▶ **Varying**
- ▶ Consistent

**Question No: 2 ( Marks: 1 ) - Please choose one**

Which of the following is **NOT** included in the strategic management model?

- ▶ Measure and evaluate performance
- ▶ Establish long-term objectives
- ▶ Develop mission and vision statements
- ▶ **Perform internal research to identify customers**

**Question No: 3 ( Marks: 1 ) - Please choose one**

Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?

- ▶ Technology
- ▶ **Philosophy**
- ▶ Customers
- ▶ Self-concept

**Question No: 4 ( Marks: 1 ) - Please choose one**

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**“Identifying and evaluating social, political, economic, technological and competitive trends and events”; which of the followings best describes this statement?**

- ▶ Developing an effective mission statement
- ▶ Conducting an internal audit
- ▶ **Performing an external audit**
- ▶ Formulating strategy

<http://vustudents.ning.com>

**Question No: 5 ( Marks: 1 ) - Please choose one**

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**The purpose of an external audit is to prepare a list of which of the following?**

- ▶ Opportunities and weaknesses
- ▶ Threats and strengths
- ▶ **Opportunities and threats**
- ▶ Strengths and weaknesses

**Question No: 6 ( Marks: 1 ) - Please choose one**

---

**Rehman industries, a leading firm of the industry is analyzing the technological forces for the firm which may provide it opportunities and threats for which stage/s of strategic management process?**

- ▶ **Strategy formulation**
- ▶ Strategy implementation
- ▶ Strategy evaluation
- ▶ All of the given options

**Question No: 7 ( Marks: 1 ) - Please choose one**

---

**Use of the Internet and Internet technologies can be integrated into the sales of on-line as well as off-line business and marketing portion of the value chain through which of the following?**

- ▶ Through software that permits customers to specify build-to-order options
- ▶ Through online product catalogs containing rich product information and specifications
- ▶ Via online price quotes and online announcements of special sales and promotions

▶ **All of the given options**

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**Question No: 8 ( Marks: 1 ) - Please choose one**

---

**Which of the following best describes this statement; “A systematic and ethical process for gathering and analyzing information about the competition’s activities and general business trends to further a business’ own goals”?**

- ▶ External assessment
- ▶ Industry analysis
- ▶ **Competitive intelligence program**
- ▶ Business ethics

**Question No: 9 ( Marks: 1 ) - Please choose one**

---

**Which one of the following is NOT is a basic mission of a competitive intelligence program?**

- ▶ To provide a general understanding of an industry
- ▶ To provide a general understanding of a company's competitors
- ▶ **To identify industry executives who could be hired by the firm**
- ▶ To identify potential moves a competitor might make that would endanger a firm

**Question No: 10 ( Marks: 1 ) - Please choose one**

**Which of the following statements is correct in relation to the Five Forces framework?**

- ▶ The framework is a means of identifying the forces which affect the level of competition in an industry
- ▶ The framework identifies the major stakeholders of an organization
- ▶ **The framework assists in developing a broad perspective on the environment within which an organization operates**
- ▶ It is not appropriate in public sector management and for small organizations

**Question No: 11 ( Marks: 1 ) - Please choose one**

**While preparing an External Factor Evaluation Matrix, a total score of 0.8 indicates that:**

- ▶ Firm is taking advantages of strengths and avoiding threats
- ▶ Firm is taking no advantage of opportunities and is avoiding threats
- ▶ Firm is not taking advantages of opportunities and is not avoiding threats
- ▶ **Firm is taking advantage of opportunities and is avoiding the threats**

**Question No: 12 ( Marks: 1 ) - Please choose one**

**Internal analysis involves gathering and analyzing information about all areas of a firm EXCEPT: <http://vustudents.ning.com>**

- ▶ Research and development
- ▶ Management information system
- ▶ Marketing
- ▶ **Competitors**

**Question No: 13 ( Marks: 1 ) - Please choose one**

**All of the following are included in the five functions of the management process EXCEPT:**

- ▶ Planning
- ▶ Organizing
- ▶ Leading
- ▶ **Delegating**

**Question No: 14 ( Marks: 1 ) - Please choose one**

**One of the top level manager of a large manufacturing plant uses to spend her day trying to ensure that the material wastage is not more than 10%. She spends her day in performing which of the following management functions?**

- ▶ Planning
- ▶ Organizing
- ▶ Leading
- ▶ **Controlling**

**Question No: 15 ( Marks: 1 ) - Please choose one**

---

**Waseem & Sons primarily want to gain control over the prices charged to consumers. What strategy will most likely be followed by Waseem & Sons?**

- ▶ Market penetration
- ▶ Product development
- ▶ **Forward integration**
- ▶ Concentric Diversification

**Question No: 16 ( Marks: 1 ) - Please choose one**

---

**The IFE matrix summarizes and evaluates which factors in the functional areas of a business?**

- ▶ Opportunities and threats
- ▶ **Strengths and weaknesses**
- ▶ Strengths and threats
- ▶ Opportunities and weaknesses

**Question No: 17 ( Marks: 1 ) - Please choose one**

---

**What is meant by Focused Differentiation?**

- ▶ Concentrating on a particular feature of a product or service to achieve differentiation
- ▶ **Concentrating on differentiation as the primary means of achieving competitive advantage**
- ▶ Providing a high perceived value product to a selected market segment which justifies a substantial price premium
- ▶ Simultaneously seeking to achieve differentiation and a price lower than that of competitors

**Question No: 18 ( Marks: 1 ) - Please choose one**

---

**Khawar Garments, a domestic firm begins to export to India, it is an example of which of the following? <http://vustudents.ning.com>**

- ▶ Horizontal integration
- ▶ **Market development**
- ▶ Forward integration
- ▶ Concentric diversification

**Question No: 19 ( Marks: 1 ) - Please choose one**

---

**Under which of the following conditions, Concentric Diversification would be particularly an effective strategy to pursue?**

- ▶ When an organization has grown so large so quickly that major internal reorganization is needed
- ▶ **When sales of current products would increase intensively by adding the new related products**
- ▶ When revenues from current products/services would increase significantly by adding the new unrelated products
- ▶ When current products are in maturity stage of the product life cycle

**Question No: 20 ( Marks: 1 ) - Please choose one**

---

The company acquires or develops new products that could appeal to its current customer groups even though those new products may be technologically unrelated to the existing product lines. Which of the following best describes the statement?

- ▶ Retrenchment
- ▶ **Horizontal diversification**
- ▶ Market development
- ▶ Horizontal integration

**Question No: 21 ( Marks: 1 ) - Please choose one**

---

Abdullah Group of Industries is involved in the sale of its marginal business. It is most likely to say that Abdullah Group is implementing \_\_\_\_\_ strategy.

- ▶ Join venture
- ▶ Acquisition
- ▶ Liquidation
- ▶ **Retrenchment**

**Question No: 22 ( Marks: 1 ) - Please choose one**

---

Mergers and acquisitions are created for all of the following reasons **EXCEPT**:

- ▶ For gaining new technology
- ▶ For reduction of tax obligations
- ▶ For gaining economies of scale
- ▶ **For increase in number of employees**

**Question No: 23 ( Marks: 1 ) - Please choose one**

---

In which of the given phases of strategic management, strategies are put into action? <http://vustudents.ning.com>

- ▶ Strategy formulation
- ▶ **Strategy implementation**
- ▶ Strategy evaluation
- ▶ All of the given options

**Question No: 24 ( Marks: 1 ) - Please choose one**

---

\_\_\_\_\_ is the principle of conduct that guides decision-making.

- ▶ Human rights
- ▶ **Business ethics**
- ▶ The constitution
- ▶ Social responsibility

**Question No: 25 ( Marks: 1 ) - Please choose one**

---

Which of the following should be created first and foremost by a strategist?

- ▶ **Strategy**
- ▶ Objectives
- ▶ Vision
- ▶ Mission

**Question No: 26 ( Marks: 1 ) - Please choose one**

---

Which of the following is **FALSE** about vision and mission statements?

▶ **Vision statement gives the overall purpose of an organization while a mission statement describes a picture of the preferred future**

▶ A vision statement describes how the future will look if the organization achieves its mission and a mission statement explains what the organization does

▶ Mission statement answers the questions what is our business and the vision statement answers the question what do we want to become

▶ Mission statement explains the current position and activities of a firm whereas vision statement explains the future objective

**Question No: 27 ( Marks: 1 ) - Please choose one**

---

Which of the following is **NOT** a key question that can reveal internal strengths and weaknesses of the marketing department?

▶ Does the firm have effective sales?

▶ **Are markets segmented effectively?**

▶ Are the firm's products and services priced appropriately?

▶ Does the firm have good liquidity?

**Question No: 28 ( Marks: 1 ) - Please choose one**

---

"A desired future state that the organization attempts to realize". Identify the term relevant to the given statement. <http://vustudents.ning.com>

▶ Goal

▶ **Strategy**

▶ Policy

▶ Procedure

**Question No: 29 ( Marks: 3 )**

---

What activities are performed in strategy evaluation stage under controlling function of management?

Controlling function of management includes all those activities undertaken to ensure that actual operations conform to planned operations. Controlling function of management is particularly important for effective strategy evaluation. Controlling function of management has the following activities in strategy evaluation.

1. Establishing performance standards
2. Measuring individual and organizational performance
3. Taking corrective actions
4. Comparing actual performance to planned performance standards

**Question No: 30 ( Marks: 3 )**

---

In your opinion, what can be the circumstances when a Low Cost Producer in an industry brings effectiveness?

The circumstances will be for high cost producers because, when low cost producer come into market. Its costumers will be increased. Also *low-cost producer* would generally have a higher profit margin.

**Question No: 31 ( Marks: 5 )**

**What are the major stakeholders that affect pricing decisions?**  
<http://vustudents.ning.com>

Following are the five major stakeholders which affect pricing decisions.

1. Governments
2. Suppliers
3. Distributors
4. Consumers
5. Competitors

**Question No: 32 ( Marks: 5 )**

**Mergers or acquisitions are the methods by which two companies combine to form a larger company. What can be the reasons for acheiving mergers or acquisitions?**

The 1<sup>st</sup> reason for acquisition and merger to combine is that they believe that synergy exist and by joining both of us can achieve something more than we can get individually.

Acquisition and merger join to spread its risks and exploit new markets.

Acquisition is essential for growth.

Companies seek an acquisition because they believe that a good investment is capable of generating a high return for the parent company's shareholders.

**MIDTERM EXAMINATION**

**Spring 2010**

**MGT603- Strategic Management (Session - 3)**

**Time: 60 min**

**Marks: 44**

**Question No: 1 ( Marks: 1 ) - Please choose one**

**Various job titles of a strategist may include all of the following EXCEPT:**



▶ Owner

▶ Foreman

▶ Chancellor

▶ Chief executive officer

**Question No: 2 ( Marks: 1 ) - Please choose one**

**Long-term objectives includes all of the following EXCEPT:**

▶ Measurable <http://vustudents.ning.com>

▶ Reasonable

▶ Varying

▶ Consistent

**Question No: 3 ( Marks: 1 ) - Please choose one**

**All of these are pitfalls of an organization in strategic planning EXCEPT:**

▶ Failing to involve key employees in all phases of planning

▶ Using strategic planning to gain control over decisions and resources

▶ Using plans as a standard for measuring performance

▶ Being so formal in planning that flexibility and creativity are stifled

**Question No: 4 ( Marks: 1 ) - Please choose one**

**The organizations that conduct business operations across national borders are known as:**

▶ Multinational corporations

▶ Domestic firms

▶ Strategic alliances

▶ Franchises

**Question No: 5 ( Marks: 1 ) - Please choose one <http://vustudents.ning.com>**

**A mission statement should "reconcile interests among diverse stakeholders". What does it mean?**

▶ All shareholders must be satisfied

▶ Shareholders should be given preference over customers

▶ Firm will devote attention to meeting claims of various stakeholders pg 23

▶ Firm will devote its attention towards the maximization of shareholders value

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?**

▶ Technology

▶ Philosophy

▶ Customers

▶ Self-concept

**Question No: 7 ( Marks: 1 ) - Please choose one**

**"Identifying and evaluating social, political, economic, technological and competitive trends and events"; which of the followings best describes this statement?**

▶ Developing an effective mission statement

▶ Conducting an internal audit

▶ Performing an external audit

▶ Formulating strategy

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Suppose, the value of the currency of a certain country falls, what can be the effect on companies in Different Industries and in Different Locations in that country respectively? <http://vustudents.ning.com>**

▶ Significant and equal

▶ Marginal and equal

▶ Significant and unequal

▶ Insignificant and unequal

**Question No: 9 ( Marks: 1 ) - Please choose one**

**What will happen to the Pakistani exports in overseas markets when there is a strong value of rupee?**

- ▶ Pakistani exports will be less expensive
- ▶ Pakistani exports will be more expensive
- ▶ Pakistani exports will be more attractive
- ▶ Pakistani exports will be desirable

**Question No: 10 ( Marks: 1 ) - Please choose one**

**Use of the Internet and Internet technologies can be integrated into the sales of on-line as well as off-line business and marketing portion of the value chain through which of the following?**

- ▶ Through software that permits customers to specify build-to-order options
- ▶ Through online product catalogs containing rich product information and specifications
- ▶ Via online price quotes and online announcements of special sales and promotions
- ▶ All of the given options

**Question No: 11 ( Marks: 1 ) - Please choose one**

**Assigning rating '2' to an internal factor in IFE matrix indicates what?**

- ▶ Major weakness
- ▶ Minor weakness
- ▶ Minor strength
- ▶ Major strength

<http://vustudents.ning.com>

**Question No: 12 ( Marks: 1 ) - Please choose one**

**As managers move up the organization, they perform which of the management function more?**

- ▶ Leading
- ▶ Controlling
- ▶ Organizing
- ▶ Planning

**Question No: 13 ( Marks: 1 ) - Please choose one**

**Sana has spent a day in a session where the future of her company was discussed. The people involved were trying to determine what the role of their company was as the 21st century approaches. Goals were then developed based upon their vision of the company's mission. Sana spent her day on which of the following process?**

▶ Planning

▶ Organizing

▶ Leading

▶ Controlling

**Question No: 14 ( Marks: 1 ) - Please choose one**

**One of the top level manager of a large manufacturing plant uses to spend her day trying to ensure that the material wastage is not more than 10%. She spends her day in performing which of the following management functions?**

▶ Planning

▶ Organizing

▶ Leading

▶ Controlling

**Question No: 15 ( Marks: 1 ) - Please choose one**

**Which of the following allows an organization to test alternative marketing plans and to forecast future sales of new products?**

▶ Marketing

▶ Advertisement

▶ Test marketing

▶ Customer analysis

**Question No: 16 ( Marks: 1 ) - Please choose one**

**Which of the following has/have been successful in determining R&D budget allocations?**

▶ Financing as many project proposals as possible

▶ Budgeting for R&D about what competitors spend

- ▶ Deciding how many successful new products are needed
- ▶ All of the given options

**Question No: 17 ( Marks: 1 ) - Please choose one**

**Which of the following is a drawback or limitation of Horizontal Integration?**

- ▶ Synergies may be more imaginary than real
- ▶ It can increase suppliers' and buyers' bargaining power
- ▶ Economies of scale are likely to be decreased
- ▶ Both the first & third options are correct

**Question No: 18 ( Marks: 1 ) - Please choose one**

**In which situation would horizontal integration be an especially effective strategy?**

- ▶ When an organization can gain monopolistic characteristics without being challenged by the federal government
- ▶ When decreased economies of scale provide major competitive advantages
- ▶ When an organization has neither the capital nor human talent needed to successfully manage an expanded organization
- ▶ When competitors are succeeding due to managerial expertise or having particular resources

**Question No: 19 ( Marks: 1 ) - Please choose one**

**Defensive strategies include all of the following EXCEPT:**

- ▶ Retrenchment
- ▶ Acquisition
- ▶ Divestiture
- ▶ Liquidation

**Question No: 20 ( Marks: 1 ) - Please choose one**

**Which strategy should be implemented when a division is responsible for an organization's overall poor performance?**

- ▶ Divestiture

- ▶ Forward integration
- ▶ Cost leadership
- ▶ Related diversification

**Question No: 21 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT the reason to go for divestiture?**

- ▶ When firm has pursued retrenchment but failed to attain needed improvements
- ▶ When the availability of quality distributors is too limited
- ▶ When a division needs more resources than the firm can provide
- ▶ When a division is responsible for the firm's overall poor performance

**Question No: 22 ( Marks: 1 ) - Please choose one**

**A joining of two companies through one company buying more than one half of the other company's stocks is known as:**

- ▶ Monopolization
- ▶ A spin-off
- ▶ An acquisition
- ▶ A merger

**Question No: 23 ( Marks: 1 ) - Please choose one**

**Which of the following statements is TRUE about company's strategies?**

- ▶ Company strategies concern how to grow the business, how to out-compete rivals, how to satisfy customers
- ▶ Company strategies concern when to change the company's strategic vision and business model
- ▶ Company strategies concern whether to focus on achieving short-run performance targets or on long-range
- ▶ Company strategies concern performance targets and how much organizational stretch to build in

<http://vustudents.ning.com>

**Question No: 24 ( Marks: 1 ) - Please choose one**

**Which of the following is a key merit of strategic management?**

- ▶ Strategic management enables an organization to be proactive
- ▶ Strategic management enables an organization to avoid the threats
- ▶ Strategic management enables an organization to defeat their competitors
- ▶ Strategic management enables an organization to foresee into the future

**Question No: 25 ( Marks: 1 ) - Please choose one**

**Which of the following statements describes a company's strategic vision?**

- ▶ Gives a broad, aspiration image of the future that an organization is aiming to achieve
- ▶ Sets forth the long-range financial and strategic performance targets that organization seeks to achieve
- ▶ Indicates the boundaries of the company's present business
- ▶ Reflects how strategic objectives are to be achieved

**Question No: 26 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT a key question that can reveal internal strengths and weaknesses of the marketing department?**

- ▶ Does the firm have effective sales?
- ▶ Are markets segmented effectively?
- ▶ Are the firm's products and services priced appropriately?
- ▶ Does the firm have good liquidity?

**Question No: 27 ( Marks: 1 ) - Please choose one**

**The corporate social policy should be reaffirmed or changed during which phase of strategic management?**

- ▶ Strategy control
- ▶ Strategy implementation
- ▶ Strategy formulation
- ▶ Strategy evaluation

**Question No: 28 ( Marks: 1 ) - Please choose one**

**All of the following are the circumstances when forward integration strategies are beneficial to be practiced EXCEPT:**

- ▶ Availability of quality distributors is limited
- ▶ Existing markets for present products are saturated
- ▶ Advantages of stable production are high
- ▶ Present distributors have high profit margins

## ***Strategic Management mgt603*** ***Today Paper 05-12-2010***

### **Subjective**

**Explain concentric diversification strategy with the help of two examples of local or multinational firms operating in Pakistan?**

**1. List down and explain five steps that comprise an effective framework for conducting an EFE Matrix.**

### **Objectives**

**1. Which of the following is often considered the first step in strategic planning?**

- ▶ Devising a mission statement
- ▶ Developing a vision statement P; 6
- ▶ Setting annual objectives
- ▶ Formulating set of strategies

**2. The objectives set by a manager should have which of the following characteristics?**

- ▶ Should spell out how fast the company's strategy is to be implemented
- ▶ Should be challenging and congruent among organizational units P; 9
- ▶ Should include long-range performance targets but not short-range targets



▶ Should include financial performance targets but not strategic performance targets

**3. "Ethnic balance changes due to the migration of the people from different areas to different areas. This affects the ethical behavior very much", this is the effect of which of the following forces?**

▶ Economic forces

▶ **Social, cultural, and demographic forces** P; 31

▶ Technological forces

▶ Competitive forces

**4. Which of the following is TRUE about anti-trust legislation?**

▶ The is the law intended to protect the ozone layer in the environment

▶ This is the law intended to regulate the tax rates in the economy

▶ **This is the law intended to promote free competition in the market**

▶ This is the law intended to regulate and register the patents

**5. Supplier bargaining power is not likely to pose strong competitive pressure when which of the following situation is prevailing?**

▶ Buying firms are looking for suppliers with superior just-in-time supply capabilities and low prices

▶ The suppliers furnish a critical part or component that is in relatively short supply

▶ Buying firms collaborate closely with their key suppliers to achieve mutual benefits

▶ The products of alternative suppliers are highly differentiated, making the cost of switching relatively high

**6. In Porter's Five Forces, the 'threat of new entrants' relates to which factor?**

▶ **Barriers to entry**

▶ Substitutes

▶ Switching cost

▶ Buyer power

7. Which of these strategies is effective when the number of suppliers is small and the number of competitors is large?

- ▶ Conglomerate diversification
- ▶ Forward integration
- ▶ **Backward integration** p; 82
- ▶ Horizontal diversification

8. Which of the following should be created first and foremost by a strategist?

- ▶ **Strategy**
- ▶ Objectives
- ▶ Vision
- ▶ Mission

9. A mission statement should “reconcile interests among diverse stakeholders”. What does it mean?

- ▶ All shareholders must be satisfied
  - ▶ Shareholders should be given preference over customers
  - ▶ **Firm will devote attention to meeting claims of various stakeholders**
  - ▶ Firm will devote its attention towards the maximization of shareholders value
- A good mission statement indicates the relative attention that an organization will devote to meeting the claims of various stakeholders

10. Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization’s assets?

- ▶ **Liquidation** P; 95
- ▶ Integration
- ▶ Differentiation
- ▶ Diversification

11. As managers move up the organization, they perform which of the management function more?

- ▶ Leading
- ▶ Controlling
- ▶ Organizing
- ▶ **Planning**

12. All of the following statements are true about a firm’s mission statement EXCEPT:

**A mission statement directly contributes positively to financial performance**  
**P25**

A mission statement does not directly contribute positively to financial performance

A mission statement should not provide useful criteria for selecting among alternative strategies

Primary reason to develop a mission statement is not to attract the customers

**13. Which one variable falls under the category of the Social, Cultural, Demographic, and Environmental Variable?**

Propensity of people to spend

**Buying habits P34**

Level of disposable income

Income differences by region

**14. Which of the following is a collection of firms that offers similar products or services such as IBM, Apple, and Dell**

Concentration

**Industry**

Corporation

Alliances

An industry can be defined as a group of companies offering products or services that are close substitutes for each other

**15. The business strategy decided upon by ABC Corporation is one that engages it in production of goods that are low in cost as compared to its competitors. ABC Company is perusing which one of the following strategy?**

Differentiation strategy

Focus strategy

Niche strategy

**Cost leadership strategy** (see topic p85)

**16. Which of the following can be considered as a factor of internal strengths and weaknesses of an organization?**

▶ Technological changes

▶ **Production/operations p; 8**

▶ Demographics

▶ Competitive trends

17. Smoothies Tire & Rubber Co. is selling its North American tire business to Avinza International, is an example of which type of strategy?

- ▶ Related diversification
- ▶ Retrenchment
- ▶ **Divestiture**
- ▶ Liquidation

18. Which of the following are developed in strategy implementation phase of strategic management?

Vision and mission

**Annual objectives** p; 4

Strengths and weaknesses

Opportunities and threats

## QUIZ

Choose the correct option.

A firm desire to increase profit at least 15% every year for the foreseeable future is \_\_\_\_\_ objective.

- Corporate level
- Functional level
- Overall organizational
- **Both a and b**

Disagreement between two or more parties on one or more issues is a \_\_\_\_\_.

- **Conflict**
- Stress
- Functional stress
- None of given option

Medium-size firms tend to be divisionally structured

- Divisionally

- Decentralized
- Centralized
- **Both a and b**

The \_\_\_\_\_ has its own business strategy, objectives and competitors and these are often differ from parent company.

- **Strategic Business Unit structure**
- Matrix structure
- Divisional structure
- None of given option

\_\_\_\_\_ create a sense of “Self organization “through

- Gain sharing
- Profit sharing
- **Employee stock ownership plan**
- Non of given option

6. **Just in time** is a process which is calculated by deducting Inventory from production.
7. **Market segmentation** is the process in marketing of grouping a market into smaller subgroups.
8. Education is a **Demographic** segmentation.
9. **EPS/EBIT analysis** helps in making capital financing decisions needed to implement strategies.
10. How to obtain and spend funds exhibits in a document known as **financial budget**.

## QUIZ

**Choose the correct option.**

1. Hold and maintain region in IE matrix include \_\_\_\_\_ cells

- **III, V, or VII**
- V, or VII
- II, V, or VII
- I, II, or IV

2. Grand strategy matrix all organization divides into \_\_\_\_\_ quadrants

- Two
- Three
- **Four**
- Five

3. Qurdant-2 in Grand strategy matrix contains that company's having :

- Strong competitive situation and rapid market growth
- Weak competitive situation and slow market growth
- Strong competitive situation and slow market growth.
- **Weak competitive situation and rapid market growth.**

4. Assign weights to each key external and internal factor in QSPM which always equal to \_\_\_\_\_.

- Hundred
- **One**
- Ten
- None of given option

5. Most companies have strategies, but according to recent studies, between 70% and 90% of organizations that have formulated strategies fail to execute them.

- **70% and 90%**
- 50% and 90%
- 30% and 50%
- 60% and 69%

### *Fill in the blanks*

1. The Internal-External (IE) Matrix consists of **nine** cells.
2. On the  $x$ -axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered **average**; and a score of 3.0 to 4.0 is **strong**.
3. Grand Strategy based on two major dimensions **Market growth** and **Competitive position**

4. **QSPM** technique objectively indicates which alternative strategies are best.
5. Implementation is preliminary an **Operational** process.

## QUIZ

- 1). Competitive profile matrix include in \_\_\_\_\_ of Strategy-Formulation Framework.

➤ **Stage-1**

- Stage-2
- Stage-3
- Stage-4

- 2). The matching stage of the strategy-formulation framework consists of \_\_\_\_\_ techniques.

- Two
- Three
- Four
- **Five**

- 3). Decision stage of Strategy-Formulation Framework includes a matrix\_\_\_\_\_.

- BCG Matrix
- IE Matrix
- SPAC E matrix
- **None of given option**

- 4). A strong financial position utilizes to improve the working condition of the firm; such strategy is called \_\_\_\_\_.

- SO Strategy
- **SW Strategy**
- TW Strategy
- None of given option

5). *WO Strategies* aim at improving internal \_\_\_\_\_ by taking advantage of external \_\_\_\_\_

➤ **Weakness; Opportunities**

- Weakness; Operations
- Wealth; Opportunities
- None of given option

6). “SPACE” matrix stands for:

➤ **Strategic Position and Action Evaluation**

- Strategic Partner and Action Evaluation
- Strategic Phase and Action Evaluation
- Strategic Position and Academic Evaluation

7). In Space Matrix internal strategic position divided into:

➤ **Financial strength; Competitive advantages**

- Financial strength; Environmental stability
- Environmental Stability; Industry Strength
- Competitive advantages; Industry Strength

8). “Capital intensity” with the reference of SPACE matrix is:

- Financial Strength (FS)
- Environmental Stability (ES)
- **Industry Strength (IS)**
- Competitive Advantage (CA)

9). Space Matrix contains four quadrants framework, the upper left quadrant contain \_\_\_\_\_ strategy.

- Aggressive
- **Conservative**
- Defensive
- Competitive

10) By using the given table what will be the correct average score of industrial strength in “SPACE” matrix?

Industry Strength (IS)	Rating
Demand and supply factors	5



Profit potential	3
Large amount of capital	2
Consistently increasing revenue	4
Resource utilization	3

- $(3+2+4) / 3$
- $(5+3+3) / 3$
- $(5+3+2+4) / 4$
- $(5+4) / 2$

## QUIZ

Tick the appropriate answer:

1). Strategic management process activate in the sequence of \_\_\_\_\_

- Environmental scanning, Strategy formulation, Implementation, control and evaluation
- Strategy formulation, Environmental scanning, Implementation, control and evaluation
- Environmental scanning, Strategy Implementation, formulation, control and evaluation
- Strategy formulation, Implementation, control, evaluation, Environmental scanning

2). KAPKAL Power's interested to achieve a 10 percent return on equity (ROE) in their core electric utility, 14 percent ROE on water resource operations, and 15 percent ROE on support businesses. It is \_\_\_\_\_

- Mission
- Strategy
- Objective
- Policy

3). "A possible and desirable future state of an organization" is called:

- Mission
- Vision
- Strategy implementation
- None of above

4). “Walls” ice cream purchase “Polka” in order to capture the market. Such kind of integration is called:

- Forward Integration
- Backward Integration
- Horizontal Integration
- Product Development

5). “To improve economic strength of society and function as a good corporate citizen on a local, state, and national basis in all countries in which we do business”. This is a mission statement that contains:

- Self-concept
- Economic concern
- Products or Services
- Concern for Public Image

6). Strategic-management audit is known as:

- Environmental scanning
- Strategy formulation
- Strategy control
- Strategy evaluation

7). Forecasting tools can be broadly categorized into two groups. Those are:

- Qualitative, Operational
- Quantitative, Operational
- Qualitative, Quantitative
- Regression and time series analysis

8). \_\_\_\_\_ identifies a firm's major competitors and their particular strengths and weaknesses in relation to a sample firm's strategic position.

➤ Competitive Profile Matrix

- External Factor Evaluation matrix
- Internal Factor Evaluation Matrix
- Boston consulting group matrix

9). Organizing means an identifiable group of people contributing their efforts towards the attainment of same goal. It is important at the time of:

- Environmental scanning
- Strategy formulation
- Strategy Implementation
- Strategy evaluation

10). \_\_\_\_\_ involves assessing the costs, benefits, and risks associated with marketing decisions.

- Customer analysis
- Opportunity analysis
- Marketing Research
- Product and Service Planning

## QUIZ

Fill in the blanks with suitable words:

6. Strategy implementation is often called the \_\_\_\_\_ of the strategic management. **(Action stage)**
7. Based on past experiences of judgment and feelings, most people recognize that \_\_\_\_\_ is essential to making good strategic decisions. **(Intuition)**
8. The process of conducting research, gathering and assimilating external information is sometime called \_\_\_\_\_ or \_\_\_\_\_. **(Environmental scanning or industry analysis)**
9. \_\_\_\_\_ refers to the extent that participants, responsibilities, authorities, duties, and approaches are specified. **(Formality)**
10. \_\_\_\_\_ is the act of strengthening employees sense of effectiveness by encouraging and rewarding them to participate in decision making and to exercise initiative and imaginations. **(Empowerment)**

**Pick the best choice from the sentences given below:**

Strategic management is

- A pure science.
- Based mainly on intuition.
- Needed mainly when organizational performance falls.
- **Based on the use of quantitative and qualitative information.**

Business week reports that firms using mission statements have a \_\_\_\_\_ return on certain financial measures than those without such statements.

- **30%**
- 35%
- 40%
- 45%

What is the best time to develop a mission statement?

- Before a business is opened

➤ **When the firm is successful**

- When the firm is in financial trouble
- When the firm is in legal trouble

Which of these basic questions should a vision statement answer?

- What is our business?
- Who are our employees?
- Why do we exist?
- **What do we want to become?**

\_\_\_\_\_ is not part of an external audit.

- Analyzing competitors
- **Analyzing financial ratios**
- Analyzing available technologies
- Studying the political environment

## QUIZ

21. Which of the following is not a stage of strategy formulation techniques?

- Formulation Framework
- Matching stage
- **External factor evaluation**
- Decision stage

22. ST Strategies is an important strategy to

- Match weakness with opportunities of the firm
- **Overcome external threats**
- Obtain benefit from its resources
- Overcome its weakness and reducing threats

23. Strategic Position and Action Evaluation Matrix is used in

- Formulation Framework
- **Matching stage**
- External factor evaluation
- Decision stage

24. Cash cows are always in

- Introductory industry
- Growing industry
- **Mature industry**
- Declining industry

25. In BCG matrix, the reason for choosing relative market share, rather than just profits, is that

- It carries more information than just cash flow
- It shows where the brand is positioned against its main competitors
- It indicates where it might be likely to go in the future
- **All of the mentioned options**

26. Those firms must make some drastic changes quickly to avoid further demise and possible liquidation that fall in \_\_\_\_\_ of grand strategy matrix

- Qurdant-1
- Qurdant-2
- **Qurdant-3**
- Qurdant-4

27. Strategy-formulation concepts and tools

- **Do not differ greatly for different size and type of organizations**
- Differ greatly for different size and type of organizations
- Do not differ greatly for profit or nonprofit organizations but differ in small and large organizations
- None of the mentioned options

28. Annual objectives

- Are not critical to success
- **Serve as guidelines for action, directing and channeling efforts and activities of organization members**
- Are not important for employee motivation and identification
- Do not provide a basis for organizational design

29. Annual objectives

- Need not to be consistent
- Should be easily achievable
- **Should be measurable**
- Should be confidential and not to be communicated throughout the organization

30. Which of the following resources is used by all organizations to achieve desired objectives?

- Financial resources,
- Physical resources,
- Human resources
- **All of the mentioned options**

31. Matching Stage consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix.

True

**False**

32. Strengths are external conditions that are helpful to the achievement of the objective.

True

**False**

33. All nine techniques included in the strategy-formulation framework require integration of intuition and analysis.

**True**

False

34. Many businesses fall right in the middle of the Grand strategy matrix and thus are not easily classified

True

**False**

35. Only a diversified company with a balanced portfolio can use its strengths to truly capitalize on its growth opportunities.

**True**

False

36. Viewing every business as a star, cash cow, dog, or question mark is overly complicated.

True

**False**

37. Many companies repeatedly fail to truly motivate their people to work with enthusiasm

**True**

False

38. Strategy implementation varies substantially among different types and sizes of organizations.

**True**

False

39. Annual objectives, stated in terms of profitability, growth, and market share by business segment, geographic area, customer groups, and product are not common in organizations.

True

**False**

40. Resource allocation is a major management activity that allows for strategy execution

**True**

False

## QUIZ

21. The final stage in strategic management is strategy implementation.

True

**False**

22. Anything the firm does especially well compare to rival firms could be considered a competitive advantage.

**True**  
False

23. In a multidivisional firm, objectives should be established for the overall company and not for each division.

True  
**False**

24. Nonprofit organizations have less need for strategic management because they are not interested in making a profit.

True  
**False**

25. The first step for using Porter's Five-Force Model is to evaluate the relative strength of each competitive force.

True  
**False**

26. Bargaining power of consumers is usually the most powerful of Porter's five competitive forces.

True  
**False**

27. Significant barriers to entry are not always sufficient to keep some new firms from entering industries with higher-quality products, lower prices and substantial marketing resources.

**True**  
False

28. In an EFE Matrix, opportunities often receive higher weights than threats, but threats too can receive high weights if they are especially severe or threatening.

**True**  
False

29. The process of performing an internal audit, compared to the external audit, provides more opportunity for participants to understand how their jobs, departments and divisions fit into the whole organization.

**True**  
False

30. Planning should be performed mostly by middle management and then presented to top management for analysis and approval.



True

False

31. All of these are pitfalls an organization should avoid in strategic planning *except*:

- **Using plans as a standard for measuring performance.**
- Using strategic planning to gain control over decisions and resources.
- Failing to involve key employees in all phases of planning.
- Too hastily moving from mission development to strategy formulation.

32. Which of the following statements is false?

- Open-mindedness is an important guideline for effective strategic management.
- **Strategic management must become a self-perpetuating socialist mechanism.**
- No organization has unlimited resources.
- Strategic decisions require trade-offs.

33. Which of these business actions is (are) always considered to be unethical?

- poor product or service safety
- using nonunion labor in a union shop
- dumping flawed products in a foreign market
- **all of the above**

34. \_\_\_\_\_ are organizations that conduct business operations across national borders.

- Domestic firms
- **Multinational corporations**
- Parent companies
- Government-backed companies

35. What category of ratios includes return on total assets and return on stockholders' equity?

- leverage
- activity
- **profitability**
- growth

36. Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?

- Does the firm have an effective sales organization?
- Are markets segmented effectively?
- Are the firm's products and services priced appropriately?
- **Does the firm have good liquidity?**

**37. What marketing function includes test marketing?**

- selling products/services
- pricing
- customer analysis
- **product/service planning**

**38. \_\_\_\_\_ is not considered to be a function of marketing.**

- **Market segmentation**
- Marketing research
- Customer analysis
- Opportunity analysis

**39. Opportunity analysis is one of the basic functions of :**

- **Marketing.**
- Management.
- Computer information systems.
- Production/operations.

**40. What are historical narratives describing the unique accomplishments of a group and its leaders, usually in heroic terms.**

- rites
- **sagas**
- stories
- myths

## QUIZ

**Choose the correct option.**

3. What analytical tool has four quadrants based on two dimensions: competitive position and market growth?

- Competitive Profile Matrix
- Internal-External Matrix
- SPACE Matrix
- **Grand Strategy Matrix**
- QSPM.

4. For companies located in Quadrant III of the Grand Strategy Matrix, the first strategy recommended is

➤ **Extensive cost and asset reduction.**

- Asset expansion.
- Employee expansion.
- Immediate liquidation of assets.
- Divestiture.

3. Which of these is a limitation of QSPM?

- Only a few strategies can be evaluated simultaneously.
- The cost of doing the analysis
- **Intuitive judgments and educated guesses are required.**
- Sets of strategies must be examined in reverse order.
- It requires equal participation from everyone.

4. Which of the following is not true about objectives?

- They should be communicated throughout the organization.
- They should have an appropriate time dimension.
- **They should incorporate policies.**
- They should be measurable.
- They should be consistent.

5. \_\_\_\_\_ is not a major factor that commonly prohibits effective resource allocation.

➤ **Under protection of resources**

- Organizational politics
- Vague strategy targets
- Reluctance to take risks
- Lack of sufficient knowledge

6. Restructuring is also referred to as

- Starting over.
- **Delaying.**
- Diversifying.
- Job security.
- Integrating.

7. The primary benefit sought from restructuring is

- Employee involvement.
- **Cost reduction.**
- Increased morale.
- Increased number of hierarchical levels in the organization.
- Increased innovation.

8. What pay strategy requires employees or departments to establish performance targets, such as

“if actual results exceed objectives then all members get bonuses.”

- Profit sharing
- Bonus system
- Salary
- **Gain sharing**
- Hourly wage system

9. Although Quadrant \_\_\_\_\_ companies are growing, according to the Grand Strategy Matrix,

they are unable to compete effectively, and they need to determine why the firm's current

approach is ineffective and how the company can best change to improve its competitiveness.

- I
- **II**
- III
- IV
- V

10. The top row of a QSPM consists of alternative strategies derived from all of these *except*:

- Grand Strategy Matrix.
- BCG Matrix.
- Space Matrix.

➤ **CPM Matrix.**

➤ IE Matrix

## Quiz

Choose the correct option

2. All of the following are cooperative arrangements *except*:

- R&D partnerships.
- Joint-bidding consortia.
- Cross-licensing agreements.
- Cross-manufacturing agreements.
- **Marketing plans.**

2. Strategy analysis and choice largely involves making \_\_\_\_\_ decisions based on \_\_\_\_\_ information.

- Long-term; Short-term
- **Subjective; Objective**
- Short-term; Long-term
- Subjective; Short-term
- Objective; Subjective

3. Which stage of the strategy formulation framework contains the Internal-Factor Evaluation Matrix?

- **Input stage**
- Analysis stage
- Matching stage
- Decision stage
- Output stage

4. Which strategies aim at improving internal weaknesses by taking advantage of external opportunities?

- SO
- **WO**
- SW

- ST
- WT

5. How many cells are in a SWOT Matrix?

- Two
- Four
- Six
- Eight
- **Nine**

6. What are two external dimensions of the SPACE Matrix?

- **Environmental stability and industry strength**
- Environmental stability and competitive advantage
- Industry strength and competitive advantage
- Competitive advantage and financial strength
- Financial strength and industry strength

7. In the SPACE analysis, what does a (+6, +3) strategy profile portray?

- **A strong industry**
- An unstable environment
- A stable environment
- A weak industry
- A weak financial position

8. Selling all of a company's assets in parts for their tangible worth is called

- Joint venture.
- Divestiture.
- Concentric diversification.
- **Liquidation.**
- Unrelated integration.

9. Which stage of the strategy-formulation framework involves the Quantitative Strategic Planning Matrix?

- Stage 1
- Stage 2
- **Stage 3**
- Stage 4

➤ Stage 5

10. Which strategy should be implemented when a division is responsible for an organization's overall poor performance?
- Backward integration
  - **Divestiture**
  - Forward integration
  - Cost leadership
  - Related diversification

## Quiz

1. What can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives?
- Strategy formulation
  - Strategy evaluation
  - Strategy implementation
  - **Strategic management**
  - Strategic leading
2. Which of the following is not a cultural product?
- Rites
  - **Emotions**
  - Rituals
  - Sagas
  - Symbols
3. Which individuals are most responsible for the success and failure of an organization?
- **Strategists**
  - Financial planners
  - Personnel directors
  - Stakeholders
  - Human resource managers
4. Which sector of the economy would be most impacted by technological developments?
- forestry
  - **pharmaceuticals**

- textiles
- metals
- paper

5. Long-term objectives should be all of the following except:

- measurable.
- **continually changing.**
- reasonable.
- challenging.
- consistent.

6. What are guides to decision making?

- laws
- rules
- **policies**
- procedures
- goals

7. According to Greenley, strategic management offers all of these benefits *except* that

- it provides an objective view of management problems.
- it creates a framework for internal communication among personnel.
- it encourages a favorable attitude toward change.
- **it maximizes the effects of adverse conditions and changes.**
- it gives a degree of discipline and formality to the management of a business.

8. The vision and mission statement can often be found

- in the SEC report.
- **in annual reports.**
- on customer receipts.
- on supplier invoices.
- on community news bulletins

9. Which group would be classified as a stakeholder?

- Communities
- Banks
- Suppliers
- Employees
- **All of these**

10. The process of performing an external audit needs to include:



- only top level managers, as it's a planning function.
- **as many managers and employees as possible.**
- primarily front-line supervisors
- between 15 to 20 managers for it to be valid
- stockholders and external government agencies

**Question No: 1 ( Marks: 1 ) - Please choose one**  
**Which of the following is the greatest advantage of international operations?**

- ▶ Reduced tariffs and taxes
- ▶ Access to global business practices
- ▶ **Gaining new customers**
- ▶ Less-intense competition

**Question No: 2 ( Marks: 1 ) - Please choose one**  
**Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?**

- ▶ Technology
- ▶ **Philosophy**
- ▶ Customers
- ▶ Self-concept

**Question No: 3 ( Marks: 1 ) - Please choose one**  
**One of the important components of a mission statement is Technology, which of the following question is correct about technology as a mission component?**

- ▶ Is the firm using technology for the manufacturing its products?
- ▶ **Is the firm technologically current?**
- ▶ Is the firm producing technology oriented products (like electronics)?
- ▶ Is the firm using technology to deal with customer complaints?

[www.vuzs.net/](http://www.vuzs.net/)

**Question No: 4 ( Marks: 1 ) - Please choose one**  
**The purpose of an external audit is to prepare a list of which of the following?**

- ▶ Opportunities and weaknesses
- ▶ Threats and strengths
- ▶ **Opportunities and threats**
- ▶ Strengths and weaknesses

**Question No: 5 ( Marks: 1 ) - Please choose one**  
**What will happen to the Pakistani exports in overseas markets when there is a strong value of rupee?**

- ▶ Pakistani exports will be less expensive
- ▶ **Pakistani exports will be more expensive**
- ▶ Pakistani exports will be more attractive
- ▶ Pakistani exports will be desirable

**Question No: 6 ( Marks: 1 ) - Please choose one**  
**Which of the following is TRUE about anti-trust legislation?**

- ▶ The is the law intended to protect the ozone layer in the environment
- ▶ This is the law intended to regulate the tax rates in the economy
- ▶ **This is the law intended to promote free competition in the market**
- ▶ This is the law intended to regulate and register the patents

law intended to promote free competition in the market place by outlawing monopolies

**Question No: 7 ( Marks: 1 ) - Please choose one**

**Which of the following is one of the Political, Governmental & Legal factors?**

- ▶ Ethical concerns
- ▶ Traffic congestion
- ▶ **Lobbying activities**
- ▶ Average level of education

**Political, Governmental, and Legal Forces**

Government Regulation

Key opportunities & key threats

- Antitrust legislation (Microsoft)
- Tax rates
- Lobbying efforts
- Patent laws

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Which one of the following is NOT is a basic mission of a competitive intelligence program?**

- ▶ To provide a general understanding of an industry
- ▶ To provide a general understanding of a company's competitors
- ▶ **To identify industry executives who could be hired by the firm**
- ▶ To identify potential moves a competitor might make that would endanger a firm

**Question No: 9 ( Marks: 1 ) - Please choose one**

**Which one of the statements is a good example of the competitive power of substitute products?**

- ▶ **The competition between cellular phones and computers**
- ▶ The competition between Aspirin and joshanda
- ▶ The competition between contact lens and eyeglasses
- ▶ The competition between Amazon.com and traditional off-line bookstores

**Question No: 10 ( Marks: 1 ) - Please choose one**

**In Porter's Five Forces, the 'threat of new entrants' relates to which factor?**

- ▶ **Barriers to entry**
- ▶ Substitutes
- ▶ Switching cost
- ▶ Buyer power

**Question No: 11 ( Marks: 1 ) - Please choose one**

**Which one of the following best describes "a substitute product or service"?**

- ▶ A competitor's product or service
- ▶ **An alternative way of meeting the same need**
- ▶ A new entrant into the industry
- ▶ A less attractive way of meeting the same need

**Question No: 12 ( Marks: 1 ) - Please choose one**

**Which of the following can be the strength of an organization?**

- ▶ A developing market
- ▶ A new international market
- ▶ Loosening of regulation
- ▶ **Strong management team**

**Question No: 13 ( Marks: 1 ) - Please choose one**

**What is Synergy?**

- ▶ An act of formulating a program for a definite course of action
- ▶ **When a team effort is used to achieve desired results**
- ▶ When individuals work separately to achieve desired results
- ▶ When financial expectations of the firm are decided upon

**Question No: 14 ( Marks: 1 ) - Please choose one**

**Which of the following function of management is concerned with span of control and chain of command?**

- ▶ Planning
- ▶ **Organizing**
- ▶ Controlling
- ▶ Evaluating

**Question No: 15 ( Marks: 1 ) - Please choose one**

**All of the following are the consideration for a company when conducting test marketing EXCEPT:**

- ▶ **What advertising channel should be used for test?**
- ▶ How many cities to include for test?
- ▶ What information to collect during the test?
- ▶ What action to take after the test has been completed?

**Question No: 16 ( Marks: 1 ) - Please choose one**

**The IFE matrix summarizes and evaluates which factors in the functional areas of a business?**

- ▶ Opportunities and threats
- ▶ **Strengths and weaknesses**
- ▶ Strengths and threats
- ▶ Opportunities and weaknesses

**Question No: 18 ( Marks: 1 ) - Please choose one**

**Which of these strategies is effective when the number of suppliers is small and the number of competitors is large?**

- ▶ Conglomerate diversification
- ▶ Forward integration
- ▶ **Backward integration**
- ▶ Horizontal diversification

**Guidelines for Backward Integration:**

Six guidelines when backward integration may be an especially effective strategy are:

- . When present suppliers are expensive, unreliable, or incapable of meeting needs
- . Number of suppliers is small and number of competitors large
- . High growth in industry sector
- . Firm has both capital and human resources to manage new business
- . Advantages of stable prices are important
- . Present supplies have high profit margins

**Question No: 20 ( Marks: 1 ) - Please choose one**

**Market penetration is one of the intensive strategies. Which one of the following best describes market penetration?**

- ▶ Protecting and strengthening the organization's sales by improving present products or services or developing new products
- ▶ Protecting and strengthening the organization's position in new markets through its current products
- ▶ **Protecting and strengthening the organization's position in its current markets through its current products**

- ▶ Protecting and strengthening the organization's position by adding new, unrelated products for present customers

**Question No: 21 ( Marks: 1 ) - Please choose one**

**Mostly large firms are initiating plans to acquire another unrelated business because it represents the most promising investment opportunity that is available to them. This type of strategic plan is known as:**

▶ **Conglomerate diversification**

- ▶ Backward integration
- ▶ Concentric diversification
- ▶ Divestiture

**Question No: 22 ( Marks: 1 ) - Please choose one**

**Ahmad Textiles and Superior Textiles have come with each other in cross-manufacturing agreement, the firms are going for which of the following?**

- ▶ Liquidation
- ▶ Acquisition

▶ **Joint venture**

- ▶ Takeover

**Question No: 23 ( Marks: 1 ) - Please choose one**

**When ABC Corporation makes decisions that assist it in formulating and implementing plans designed to achieve its objectives, it is most likely to engage in which one of the following?**

▶ **Strategic Management**

- ▶ Strategy Utilization
- ▶ Strategic Processing
- ▶ Strategic Formality

**Question No: 24 ( Marks: 1 ) - Please choose one**

**Adapting to change confronts an organization's strategic management to which of the following issue(s):**

- ▶ What kind of business we should be in?
- ▶ Are we in the right field?
- ▶ Should we reshape our business?

▶ **All of the given options**

**Question No: 25 ( Marks: 1 ) - Please choose one**

**Non-financial benefits of strategic management include all of the following EXCEPT:**

- ▶ Enhanced awareness of threats
- ▶ Reduced resistance to change

▶ **Increase in sales**

- ▶ Better awareness of external threats

**Question No: 26 ( Marks: 1 ) - Please choose one**

**\_\_\_\_\_ is the principle of conduct that guides decision-making.**

- ▶ Human rights

▶ **Business ethics**

- ▶ The constitution
- ▶ Social responsibility

**Question No: 27 ( Marks: 1 ) - Please choose one**

**Which of the following should be created first and foremost by a strategist?**

- ▶ Strategy

► Objectives

► **Vision**

► Mission

**Question No: 28 ( Marks: 1 ) - Please choose one**

**Which of the following statements describes a company's strategic vision?**

► **Gives a broad, aspiration image of the future that an organization is aiming to achieve**

► Sets forth the long-range financial and strategic performance targets that organization seeks to achieve

► Indicates the boundaries of the company's present business

► Reflects how strategic objectives are to be achieved

**Which of the following can be considered as a factor of internal strengths and weaknesses of an organization?**

► Technological changes

► **Production/operations**

► Demographics

► Competitive trends

**Question No: 2 ( Marks: 1 ) - Please choose one**

**The objectives set by a manager should have which of the following characteristics?**

► Should spell out how fast the company's strategy is to be implemented

► **Should be challenging and congruent among organizational units**

► Should include long-range performance targets but not short-range targets

► Should include financial performance targets but not strategic performance targets

Objectives are essential for organizational success because they state direction; aid in evaluation; create synergy; reveal priorities; focus coordination; and provide a basis for effective planning, organizing, motivating and controlling activities. Objectives should be challenging, measurable, consistent, reasonable, and clear. In a multidimensional firm, objectives should be established for the overall company and for each division.

**Question No: 3 ( Marks: 1 ) - Please choose one**

**All of the following are the examples of a broad mission EXCEPT:**

► The firm deals in beverages

► **We sell quality skimmed milk**

► Stationery is our product

► Company manufactures food items

**Broad Mission:**

Broad mission wider our mission values in terms of product and services, offered, market served, technology used and opportunity of growth. But main flow of this mission that if creates confusion among employee due to its wider sense.

**Question No: 4 ( Marks: 1 ) - Please choose one**

**Which of the following business actions is NOT considered to be unethical?**

► Poor product or service safety

► **Using non-union labor in a union shop**

► Misleading advertising

□ Too expensive products    WRONG

PAGE 15: Some business actions *a/ways* considered to be unethical include misleading advertising or labeling, causing environmental harm, poor product or service safety, padding expense accounts, insider trading, dumping banned or flawed products.

**Question No: 5 ( Marks: 1 ) - Please choose one**

**"A Good mission statement identifies the utility of a firm's products to its customers"; which of the following represents this statement?**

- ▶ Organization's philosophy
- ▶ **Customer orientation**
- ☐ Social policy                      WRONG
- ▶ Declaration of attitude

### A Customer Orientation

Good mission statement identifies the utility of a firm's products to its customers. This is why AT&T's mission statement focuses on communication rather than on telephones'

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Where an organization takes into account the effect of its strategic decisions on the society, the firm is taking care of:**

- ▶ Corporate governance
- ▶ Business policy
- ▶ Business ethics
- ▶ **Social policy**

**Question No: 7 ( Marks: 1 ) - Please choose one**

**External assessment is performed in which of the following strategic-management phase?**

- ▶ **Strategy formulation stage**
- ▶ Strategy implementation stage
- ▶ Strategy evaluation stage
- ▶ All of the given options

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Suppose, the value of the currency of a certain country falls, what can be the effect on companies in Different Industries and in Different Locations in that country respectively?**

- ▶ Significant and equal
- ▶ Marginal and equal
- ▶ **Significant and unequal**
- ▶ Insignificant and unequal

**Question No: 10 ( Marks: 1 ) - Please choose one**

**Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?**

- ▶ Economic forces
- ▶ **Political, governmental, and legal forces**
- ▶ Social, cultural and, demographic forces
- ▶ Competitive forces

Page 36: Impact of political variables on government regulations:

☐ Government regulation/deregulation ☐ Tax law changes ☐ Special tariffs ☐ Political Action Committees (PACs) ☐ Voter participation rates ☐ Number of patents ☐ Changes in patent laws

**Question No: 11 ( Marks: 1 ) - Please choose one**

**Which one of the following is NOT is a basic mission of a competitive intelligence program?**

- ▶ To provide a general understanding of an industry
- ▶ To provide a general understanding of a company's competitors
- ▶ **To identify industry executives who could be hired by the firm**
- ▶ To identify potential moves a competitor might make that would endanger a firm

**Question No: 12 ( Marks: 1 ) - Please choose one**

**Which of the following arise when a company can take advantage of conditions in its environment to formulate and implement strategies that enable it to become more profitable?**

- ▶ Strengths
- ▶ **Opportunities**
- ▶ Weaknesses
- ▶ Threats

**Question No: 13 ( Marks: 1 ) - Please choose one**  
**Assigning 1 rating to a key external factor indicates that:**

- ▶ Response is superior
- ▶ Response is above average
- ▶ Response is average
- ▶ **Response is poor**

page44: Assign a 1-to-4 rating to each key external factor to indicate how effectively the firm's current strategies respond to the factor, where = 4 the response is superior, 3 = the response is above average, 2 = the response is average, and 1 = the response is poor.

**Question No: 14 ( Marks: 1 ) - Please choose one**  
**Assigning rating '2' to an internal factor in IFE matrix indicates what?**

- ▶ Major weakness
- ▶ **Minor weakness**
- ▶ Minor strength
- ▶ Major strength

page47: Assign a 1-to-4 rating to each factor to indicate whether that factor represents a major weakness (rating = 1), a minor weakness (rating = 2), a minor strength (rating = 3), or a major strength (rating = 4). Note that strengths must receive a 4 or 3 rating and weaknesses must receive a 1 or 2 rating.

**Question No: 15 ( Marks: 1 ) - Please choose one**  
**Life-directing attitudes that serve as behavioral guidelines are known as:**

- ▶ **Values**
- ▶ Rites
- ▶ Beliefs
- ▶ Sagas

Page 52: Values: Life-directing attitudes that serve as behavioral guidelines

**Question No: 16 ( Marks: 1 ) - Please choose one**  
**Which of the following is the first step in the controlling function of management?**

- ▶ Take corrective actions
- ▶ Restrict breaks employees take
- ▶ Evaluate expense reports
- ▶ **Establish performance standards**

Page 59: Controlling consists of four basic steps:

1. Establishing performance standards
2. Measuring individual and organizational performance
3. Comparing actual performance to planned performance standards
4. Taking corrective actions

**Question No: 17 ( Marks: 1 ) - Please choose one**  
**The steps required to perform cost/benefit analysis include all BUT:**

- ▶ Comparing the total costs with the total benefits
- ▶ Figure out the total costs associated with a decision
- ▶ **Approximation of the total benefits from the decision**
- ▶ Adding the total cost and total benefit

Page 63: Three steps are required to perform a *cost/benefit analysis*:

- ☐ Compute the total costs associated with a decision,

- ☐ Estimate the total benefits from the decision, and
- ☐ Compare the total costs with the total benefits.

**Question No: 18 ( Marks: 1 ) - Please choose one**

**Which of the following ratios is least likely to be helpful in evaluating a firm's decision regarding dividend?**

- ▶ Earnings-per-share ratio
- ▶ **Long-Term Debt-to-Equity Ratio**
- ▶ Dividends-per-share ratio
- ▶ Price-earnings ratio

**Question No: 19 ( Marks: 1 ) - Please choose one**

**Which of the following is the first step in developing an IFE Matrix?**

- ▶ Summing the weighted scores for each variable
- ▶ **Identifying the organization's strengths and weaknesses**
- ▶ Identifying the organization's functions of business
- ▶ Determining the lead strategist

**Page75: Internal Factor Evaluation (IFE) Matrix.** This strategy-formulation tool summarizes and evaluates the major **strengths and weaknesses** in the functional areas of a business, and it also provides a basis for identifying and evaluating relationships among those areas.

**Question No: 20 ( Marks: 1 ) - Please choose one**

**The business strategy decided upon by ABC Corporation is one that engages it in production of goods that are low in cost as compared to its competitors. ABC Company is perusing which one of the following strategy?**

- ▶ Differentiation strategy
- ▶ Focus strategy
- ▶ Niche strategy
- ▶ **Cost leadership strategy**

**Question No: 21 ( Marks: 1 ) - Please choose one**

**The strategy embraced by Ahmad Bros. is to address the needs of a very selected and specialized market segment. Ahmad Bros. is most likely to engage in which one of the following types of strategy?**

- ▶ Differentiation strategy
- ▶ Best value strategy
- ▶ **Focus strategy**
- ▶ Low cost strategy

**Page87: Focus Strategy - Cost Focus**

In this strategy the firm concentrates on a select few target markets. It is also called a focus strategy or niche strategy. It is hoped that by focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market.

**Question No: 22 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT a situation when an organization should use an unrelated diversification strategy?**

- ▶ When an organization's present channels of distribution can be used to market the new products to current customers
- ▶ **Revenues from current products/services would increase significantly by adding the new related products**
- ▶ When an organization competes in a highly competitive and/or a no-growth industry
- ▶ When the new products have counter-cyclical sales patterns compared to an organization's present products

Revenues from current products/services would increase significantly by adding the new **unrelated** products

**Question No: 23 ( Marks: 1 ) - Please choose one**



**Smoothies Tire & Rubber Co. is selling its North American tire business to Avinza International, is an example of which type of strategy?**

- ▶ Related diversification
- ▶ Retrenchment
- ▶ **Divestiture**
- Liquidation

**Page 94: Divestiture**

Selling a division or part of an organization is called *divestiture*. Divestiture often is used to raise capital for further strategic acquisitions or investments.

**Question No: 24 ( Marks: 1 ) - Please choose one**

**A joining of two companies through one company buying more than one half of the other company's stocks is known as:**

- Monopolization
- **A spin-off**
- An acquisition
- A merger

**Question No: 25 ( Marks: 1 ) - Please choose one**

**Which of the following environment includes all those factors which affect the organization and is itself affected by the organization?**

- **Task environment**
- Social environment
- External environment
- Internal environment

**Page 9: Task Environment:**

Task environment includes all those factors which affect the organization and itself affected by the organization. These factor effects the specific related organizations. These factors are shareholders community, labor unions, creditor, customers, competitors, trade associations.

**Question No: 26 ( Marks: 1 ) - Please choose one**

**Which of the following is a key merit of strategic management?**

- **Strategic management enables an organization to be proactive**
- Strategic management enables an organization to avoid the threats
- Strategic management enables an organization to defeat their competitors
- Strategic management enables an organization to foresee into the future

**Page 11: Following are the major benefits of Strategic management:**

- Proactive in shaping firm's future
- Initiate and influence actions
- Formulate better strategies (Systematic, logical, rational approach)

**Question No: 27 ( Marks: 1 ) - Please choose one**

**Developing vision and mission statements is important because of the following reasons EXCEPT:**

- They are the basis for allocating resources
- **They are useful for large firms only**
- They establish organizational culture
- They translate objectives into work structure

**Question No: 28 ( Marks: 1 ) - Please choose one**

**All of the following are the circumstances when forward integration strategies are beneficial to be practiced EXCEPT:**

- Availability of quality distributors is limited wrong
- **Existing markets for present products are saturated**
- Advantages of stable production are high
- Present distributors have high profit margins

**Page 82: Guidelines for the use of integration strategies:**

Six guidelines when forward integration may be an especially effective strategy are:

- ☐ Present distributors are expensive, unreliable, or incapable of meeting firm's needs
- ☐ Availability of quality distributors is limited
- ☐ When firm competes in an industry that is expected to grow markedly
- ☐ Organization has both capital and human resources needed to manage new business of distribution
- ☐ Advantages of stable production are high
- ☐ Present distributors have high profit margin

**Question No: 1 ( Marks: 1 ) - Please choose one**

**Which of the following is an example of a narrow mission?**

▶ **We sell packaged pineapples**

- ▶ The firm deals in beverages
- ▶ Stationery is our product
- ▶ Company manufactures food items

**Question No: 3 ( Marks: 1 ) - Please choose one**

**The organizations that conduct business operations across national borders are known as:**

▶ **Multinational corporations**

- ▶ Domestic firms
- ▶ Strategic alliances
- ▶ Franchises

**Question No: 4 ( Marks: 1 ) - Please choose one**

**A mission statement should "reconcile interests among diverse stakeholders". What does it mean?**

- ▶ All shareholders must be satisfied
- ▶ Shareholders should be given preference over customers
- ▶ **Firm will devote attention to meeting claims of various stakeholders**
- ▶ Firm will devote its attention towards the maximization of shareholders value

**Question No: 8 ( Marks: 1 ) - Please choose one**

**Which of the following is one of the Political, Governmental & Legal factors?**

- ▶ Ethical concerns
- ▶ Traffic congestion
- ▶ **Lobbying activities**
- ▶ Average level of education

### **Political, Governmental, and Legal Forces**

Government Regulation

Key opportunities & key threats

- Antitrust legislation (Microsoft)
- Tax rates
- Lobbying efforts
- Patent laws

**Question No: 9 ( Marks: 1 ) - Please choose one**

**Use of the Internet and Internet technologies can be integrated into the sales of on-line as well as off-line business and marketing portion of the value chain through which of the following?**

- ▶ Through software that permits customers to specify build-to-order options
- ▶ Through online product catalogs containing rich product information and specifications
- ▶ Via online price quotes and online announcements of special sales and promotions

- ▶ All of the given options

**Question No: 10 ( Marks: 1 ) - Please choose one**  
**Which of the following statement is TRUE about Internal audit?**

- ▶ **It is done parallel to external audit**

- ▶ It is done before external audit
- ▶ It is done after external audit
- ▶ None of the given options

The process of performing an *internal audit* closely parallels the process of performing an external audit.

**Question No: 11 ( Marks: 1 ) - Please choose one**  
**All of the following are included in the five functions of the management process except:**

- ▶ Planning
- ▶ Organizing
- ▶ Leading
- ▶ **Delegating**

**Question No: 12 ( Marks: 1 ) - Please choose one**  
**Which of the following statement is correct about distinctive competence?**

- ▶ Is usually tied closely to the ability of a company's manufacturing capability and/or its proprietary technology and know-how
- ▶ Nearly always resides in the ability of the company's assets on its balance sheet rather than in its people
- ▶ Is better suited in helping companies defend against external threats than in pursuing external market opportunities
- ▶ **Is a unique thing that a firm does really well and that quality or attribute sets it aside from its competitors**

**Question No: 14 ( Marks: 1 ) - Please choose one**  
**Amir, a sole proprietor, uses the information system to ask the question; "What if the prices will decrease by 16% in the next year?" Which of the following functions the information system is performing for Amir?**

- ▶ Functional support role
- ▶ **Decisional support role**
- ▶ Managerial support role
- ▶ Analytical supporting role

The decision support role

The business decision-making support function goes one step further. It becomes an integral part -- even a vital part -- of decision -making. It allows users to ask very powerful "What if...?" questions:

**Question No: 16 ( Marks: 1 ) - Please choose one**  
**Which of the following is sometimes referred as "the mystery approach to decision making, when subordinates are left to figure out what is happening and why"?**

- ▶ Managing by hope
- ▶ Managing by extrapolation
- ▶ Managing by crisis
- ▶ **Managing by subjectives**

Managing by Subjective—built on the idea that there is no general plan for which way to go and what to do; just do the best you can to accomplish what you think should be done. In short, "Do your own thing, the best way you know how" (sometimes referred to as the mystery approach to decision making because subordinates are left to figure out what is happening and why).

**Question No: 17 ( Marks: 1 ) - Please choose one**

**The Web sites that sell products directly to the consumers are the examples of which type of strategy?**

- ▶ Backward integration
- ▶ Product development
- ▶ **Forward integration**
- ▶ Horizontal integration

**Question No: 18 ( Marks: 1 ) - Please choose one**  
**Khawar Garments, a domestic firm begins to export to India, it is an example of which of the following?**

- ▶ Horizontal integration
- ▶ **Market development**
- ▶ Forward integration
- ▶ Concentric diversification

Market Development: Introducing present products or services into new geographic area

**Question No: 19 ( Marks: 1 ) - Please choose one**  
**Which of the following is NOT a situation when an organization should use an unrelated diversification strategy?**

- ▶ When an organization's present channels of distribution can be used to market the new products to current customers
- ▶ **Revenues from current products/services would increase significantly by adding the new related products**
- ▶ When an organization competes in a highly competitive and/or a no-growth industry
- ▶ When the new products have counter-cyclical sales patterns compared to an organization's present products

Let me explain what is unrelated diversification It is when a business adds new, or unrelated, product lines. For example, the phone company might decide to go into the television business or into the radio business  
(zh,vuzs.nov10)

**Question No: 20 ( Marks: 1 ) - Please choose one**  
**Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?**

- ▶ **Liquidation**
- ▶ Integration
- ▶ Differentiation
- ▶ Diversification

**Question No: 21 ( Marks: 1 ) - Please choose one**  
**When both divestiture and retrenchment have been pursued unsuccessfully, which of the following strategies is effective to pursue?**

- ▶ Forward integration
- ▶ **Liquidation**
- ▶ Merger
- ▶ Takeover

**Guidelines for Liquidation**

Three guidelines when liquidation may be an especially effective strategy to pursue are:

When both retrenchment and divestiture have been pursued unsuccessfully

If the only alternative is bankruptcy, liquidation is an orderly alternative

When stockholders can minimize their losses by selling the firm's assets

**Question No: 22 ( Marks: 1 ) - Please choose one**

**Which of the following enables the firm to create superior value for its customers and superior profits for itself in comparison to its rival firms?**

▶ **Competitive advantage**

- ▶ Comparative advantage
- ▶ Differential advantage
- ▶ Suitable advantage

**Question No: 23 ( Marks: 1 ) - Please choose one**  
**During which of the following periods, Strategic Management was considered to be cure for all problems?**

▶ **Mid 1960s to mid 1970s**

- ▶ Mid 1970s to mid 1980s
- ▶ Mid 1980s to mid 1990s
- ▶ Mid 1950s to mid 1960s

In 1960; s and 70 it was consider to be panacea for problems. But in 1980; s two important revolutions

**Question No: 24 ( Marks: 1 ) - Please choose one**  
**In which of the given phases of strategic management, strategies are put into action?**

▶ Strategy formulation

▶ **Strategy implementation**

- ▶ Strategy evaluation
- ▶ All of the given options

**Question No: 26 ( Marks: 1 ) - Please choose one**  
**"If a strategist has identified that the market growth rate is 8 %, the number of sellers in industry are 52 and the industry's products are differentiated." Which of the following industry's success factor is he exploring?**

- ▶ Social forces
- ▶ Competitive forces
- ▶ Political forces

▶ **Economic forces**

**Question No: 27 ( Marks: 1 ) - Please choose one**  
**Which of the following is the decision support role of Management Information System?**

▶ Processing marketing records into marketing plans

▶ **Allowing users to ask "What if" questions**

- ▶ Recording and storing such as human resource records
- ▶ Processing operations records into production schedules

**Question No: 28 ( Marks: 1 ) - Please choose one**  
**A series of ratios that measure the extent to which a firm has been financed by debt is known as:**

▶ Activity ratios

▶ **Leverage ratios**

- ▶ Profitability ratios
- ▶ Liquidity ratios

Leverage ratios measure the extent to which a firm has been financed by debt.

**Question No: 1 ( Marks: 1 ) - Please choose one**  
**Long-term objectives includes all of the following EXCEPT:**

- ▶ Measurable
- ▶ Reasonable

► **Varying**

- Consistent

**Pg#9**

Objectives should be challenging, measurable, consistent, reasonable, and clear. In a multidimensional firm, objectives should be established for the overall company and for each division.

**Question No: 2 ( Marks: 1 ) - Please choose one**

Which of the following is **NOT** included in the strategic management model?

- Measure and evaluate performance
- Establish long-term objectives
- Develop mission and vision statements

► **Perform internal research to identify customers**

**P#49**

**Question No: 4 ( Marks: 1 ) - Please choose one**

“Identifying and evaluating social, political, economic, technological and competitive trends and events”; which of the followings best describes this statement?

- Developing an effective mission statement
- Conducting an internal audit

► **Performing an external audit**

- Formulating strategy

**Pg#29**

To perform an external audit, a company first must gather competitive intelligence and information about social, cultural, demographic, environmental, economic, political, legal, governmental, and technological trends. Individuals can be asked to monitor various sources of information such as key magazines, trade journals, and newspapers

**Question No: 6 ( Marks: 1 ) - Please choose one**

Rehman industries, a leading firm of the industry is analyzing the technological forces for the firm which may provide it opportunities and threats for which stage/s of strategic management process?

► **Strategy formulation**

- Strategy implementation
- Strategy evaluation
- All of the given options

Technological forces represent major opportunities and threats that must be considered in formulating strategies

**Question No: 8 ( Marks: 1 ) - Please choose one**

Which of the following best describes this statement; “A systematic and ethical process for gathering and analyzing information about the competition’s activities and general business trends to further a business’ own goals”?

- External assessment
- Industry analysis

► **Competitive intelligence program**

- Business ethics

**Pg#42**

**Competitive Intelligence Programs**

Systematic and ethical process for gathering and analyzing information about the competition’s activities and general business trends to further a business’ own goals.

**Question No: 10 ( Marks: 1 ) - Please choose one**

Which of the following statements is correct in relation to the Five Forces framework?

► **The framework is a means of identifying the forces which affect the level of competition in an industry**

- The framework identifies the major stakeholders of an organization
- The framework assists in developing a broad perspective on the environment within which an organization operates
- It is not appropriate in public sector management and for small organizations

**Pg#143**

Five forces -- the bargaining power of customers, the bargaining power of suppliers, the threat of new entrants, and the threat of substitute products -- combine with other variables to influence a fifth force, the level of competition in an industry. Each of these forces has several determinants:

**Question No: 11 ( Marks: 1 ) - Please choose one**

**While preparing an External Factor Evaluation Matrix, a total score of 0.8 indicates that:**

- Firm is taking advantages of strengths and avoiding threats
- Firm is taking no advantage of opportunities and is avoiding threats
- **Firm is not taking advantages of opportunities and is not avoiding threats (right one)**
- Firm is taking advantage of opportunities and is avoiding the threats

**Question No: 12 ( Marks: 1 ) - Please choose one**

**Internal analysis involves gathering and analyzing information about all areas of a firm EXCEPT:**

- Research and development
- Management information system
- Marketing

► **Competitors**

**Pg#49**

**Internal Audit** is Parallels process of external audit. It gathers & assimilates information from:

- o Management
- o Marketing
- o Finance/accounting
- o Production/operations
- o Research & development
- o Management information systems

**Question No: 14 ( Marks: 1 ) - Please choose one**

**One of the top level manager of a large manufacturing plant uses to spend her day trying to ensure that the material wastage is not more than 10%. She spends her day in performing which of the following management functions?**

- Planning
- Organizing
- Leading

► **Controlling**

**Question No: 15 ( Marks: 1 ) - Please choose one**

**Waseem & Sons primarily want to gain control over the prices charged to consumers. What strategy will most likely be followed by Waseem & Sons?**

- Market penetration
- Product development

► **Forward integration**

- Concentric Diversification

**PG#81**

**Forward integration:** Gaining ownership or increased control over distributors or retailers  
*Forward integration* involves gaining ownership or increased control over distributors or retailers.

**Question No: 17 ( Marks: 1 ) - Please choose one**

What is meant by Focused Differentiation?

- ▶ Concentrating on a particular feature of a product or service to achieve differentiation
- ▶ concentrating on differentiation as the primary means of achieving competitive advantage
- ▶ **Providing a high perceived value product to a selected market segment which justifies a substantial price premium**
- ▶ Simultaneously seeking to achieve differentiation and a price lower than that of competitors

Focus differentiation is about targeting a particular market segment.

**Question No: 19 ( Marks: 1 ) - Please choose one**

Under which of the following conditions, Concentric Diversification would be particularly an effective strategy to pursue?

- ▶ When an organization has grown so large so quickly that major internal reorganization is needed

▶ **When sales of current products would increase intensively by adding the new related products**

- ▶ When revenues from current products/services would increase significantly by adding the new unrelated products
- ▶ When current products are in maturity stage of the product life cycle(right one)

**PG#91**

**Guidelines for Concentric Diversification**

Five guidelines when concentric diversification may be an effective strategy are provided below: Five guidelines when concentric diversification may be an effective strategy are provided below:

Competes in no- or slow-growth industry

Adding new & related products increases sales of current products

New & related products offered at competitive prices

**Current products are in decline stage of the product life cycle**

Strong management team

**Question No: 20 ( Marks: 1 ) - Please choose one**

The company acquires or develops new products that could appeal to its current customer groups even though those new products may be technologically unrelated to the existing product lines. Which of the following best describes the statement?

- ▶ Retrenchment
- ▶ **Horizontal diversification**
- ▶ Market development
- ▶ Horizontal integration

**PG#92**

Adding new, unrelated products or services for present customers is called *horizontal diversification*.

**Question No: 21 ( Marks: 1 ) - Please choose one**

Abdullah Group of Industries is involved in the sale of its marginal business. It is most likely to say that Abdullah Group is implementing \_\_\_\_\_ strategy.

- ▶ Join venture
- ▶ Acquisition
- ▶ Liquidation
- ▶ **Retrenchment**

**PG#93**

During retrenchment, strategists work with limited resources and face pressure from shareholders, employees, and the media. Retrenchment can entail selling off land and buildings to raise needed cash, pruning product lines, **closing marginal businesses**, closing obsolete factories, automating processes, reducing the number of employees, and instituting expense control systems.



**Question No: 22 ( Marks: 1 ) - Please choose one**

**Mergers and acquisitions are created for all of the following reasons EXCEPT:**

- ▶ For gaining new technology
- ▶ For reduction of tax obligations
- ▶ For gaining economies of scale
- ▶ **For increase in number of employees**

**Question No: 24 ( Marks: 1 ) - Please choose one**

**\_\_\_\_\_ is the principle of conduct that guides decision-making.**

- ▶ Human rights
- ▶ **Business ethics**
- ▶ The constitution
- ▶ Social responsibility

**PG#14**

### **Business Ethics and Strategic Management**

**Definition:**

*Business ethics* can be defined as principles of conduct within organizations that guide decision making and behavior.

**Question No: 26 ( Marks: 1 ) - Please choose one**

**Which of the following is FALSE about vision and mission statements?**

- ▶ **Vision statement gives the overall purpose of an organization while a mission statement describes a picture of the preferred future**
- ▶ A vision statement describes how the future will look if the organization achieves its mission and a mission statement explains what the organization does
- ▶ Mission statement answers the questions what is our business and the vision statement answers the question what do we want to become
- ▶ Mission statement explains the current position and activities of a firm whereas vision statement explains the future objective

**Question No: 27 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT a key question that can reveal internal strengths and weaknesses of the marketing department?**

- ▶ Does the firm have effective sales?
- ▶ **Are markets segmented effectively?**
- ▶ Are the firm's products and services priced appropriately?
- ▶ Does the firm have good liquidity? (right one)

**Question No: 2 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT included in the strategic management model?**

- ▶ Measure and evaluate performance
- ▶ Establish long-term objectives
- ▶ Develop mission and vision statements
- ▶ **Perform internal research to identify customers**

**P#49**

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- ▶ **Are markets segmented effectively?**
- ▶ Are the firm's products and services priced appropriately?
- ▶ Does the firm have good liquidity? (right one)

**PG#63**

**Marketing Audit Checklist of Questions**

Similarly as provided earlier for management, the following questions about marketing are pertinent:

- 1. Are markets segmented effectively?**
2. Is the organization positioned well among competitors?
3. Has the firm's market share been increasing?
4. Are present channels of distribution reliable and cost-effective?
- 5. Does the firm have an effective sales organization?**
6. Does the firm conduct market research?
7. Are product quality and customer service good?
- 8. Are the firm's products and services priced appropriately?**
9. Does the firm have an effective promotion, advertising, and publicity strategy?
10. Are marketing planning and budgeting effective?
11. Do the firm's marketing managers have adequate experience and training?

**Question No: 28 ( Marks: 1 ) - Please choose one**

“A desired future state that the organization attempts to realize”. Identify the term relevant to the given statement.

► **Goal (right one)**

- Strategy
- Policy
- Procedure

A goal is a desired future state that the organization attempts to realize.2 Goals are important because organizations exist for a purpose and goals define

**Question No: 1 ( Marks: 1 ) - Please choose one**

Various job titles of a strategist may include all of the following **EXCEPT:**

► Owner

► **Foreman**

- Chancellor
- Chief executive officer

Ref:

Strategists have various job titles, such as chief executive officer, president, and owner, chair of the board, executive director, chancellor, dean, or entrepreneur.

**Question No: 3 ( Marks: 1 ) - Please choose one**

All of these are pitfalls of an organization in strategic planning **EXCEPT:**

- Failing to involve key employees in all phases of planning
- Using strategic planning to gain control over decisions and resources

► **Using plans as a standard for measuring performance**

- Being so formal in planning that flexibility and creativity are stifled

Ref:

Some pitfalls to watch for and avoid in strategic planning are provided below:

1. Using strategic planning to gain control over decisions and resources
2. Doing strategic planning only to satisfy accreditation or regulatory requirements
3. Too hastily moving from mission development to strategy formulation
4. Failing to communicate the plan to employees, who continue working in the dark?
5. Top managers making many intuitive decisions that conflict with the formal plan
6. Top managers not actively supporting the strategic-planning process
7. Failing to use plans as a standard for measuring performance
8. Delegating planning to a "planner" rather than involving all managers
9. Failing to involve key employees in all phases of planning
10. Failing to create a collaborative climate supportive of change
11. Viewing planning to be unnecessary or unimportant
12. Becoming so engrossed in current problems that insufficient or no planning is done
13. Being so formal in planning that flexibility and creativity are stifled.

**Question No: 5 ( Marks: 1 ) - Please choose one**

A mission statement should “reconcile interests among diverse stakeholders”. What does it mean?

- All shareholders must be satisfied
- Shareholders should be given preference over customers
- **Firm will devote attention to meeting claims of various stakeholders**
- Firm will devote its attention towards the maximization of shareholders value

**Question No: 13 ( Marks: 1 ) - Please choose one**

Sana has spent a day in a session where the future of her company was discussed. The people involved were trying to determine what the role of their company was as the 21st century approaches. Goals were then developed based upon their vision of the company's mission. Sana spent her day on which of the following process?

► **Planning**

- Organizing
- Leading
- Controlling

**Question No: 15 ( Marks: 1 ) - Please choose one**

Which of the following allows an organization to test alternative marketing plans and to forecast future sales of new products?

- Marketing
- Advertisement

► **Test marketing**

- Customer analysis

Ref: One of the most effective product and service planning techniques is test marketing. Test markets allow an organization to test alternative marketing plans and to forecast future sales of new products

**Question No: 16 ( Marks: 1 ) - Please choose one**

Which of the following has/have been successful in determining R&D budget allocations?

- Financing as many project proposals as possible
- Budgeting for R&D about what competitors spend
- Deciding how many successful new products are needed

► **All of the given options**

Ref:

Page no 71

**Question No: 17 ( Marks: 1 ) - Please choose one**

Which of the following is a drawback or limitation of Horizontal Integration?

► **Synergies may be more imaginary than real**

- It can increase suppliers' and buyers' bargaining power
- Economies of scale are likely to be decreased
- Both the first & third options are correct

Ref:

Disadvantage of Horizontal integration:

Synergies maybe more imaginary than real Substitutes market is often very different. Challenge occurs to management during acquisition. Reduction in competition may lead to anti-trust issues. <http://ccit300.wikispaces.com/Horizontal+Integration>

**Question No: 18 ( Marks: 1 ) - Please choose one**

In which situation would horizontal integration be an especially effective strategy?

► **When an organization can gain monopolistic characteristics without being challenged by the federal government**

- When decreased economies of scale provide major competitive advantages
- When an organization has neither the capital nor human talent needed to successfully manage an expanded organization
- When competitors are succeeding due to managerial expertise or having particular resources

**Ref:**

**Horizontal Integration:**

Seeking ownership or increased control over competitor's Horizontal integration refers to a strategy of seeking ownership of or increased control over a firm's competitors. One of the most significant trends in strategic management today is the increased use of horizontal integration as a growth strategy. Mergers, acquisitions, and takeovers among competitors allow for increased economies of scale and enhanced transfer of resources and competencies. Increased control over competitors means that you have to look for new opportunities either by the purchase of the new firm or hostile take over the other firm. One organization gains control of other which functioning within the same industry. It should be done that every firm wants to increase its area of influence, market share and business.

**Question No: 19 ( Marks: 1 ) - Please choose one**

**Defensive strategies include all of the following EXCEPT:**

▶ Retrenchment

▶ **Acquisition**

▶ Divestiture

▶ Liquidation

**Ref:**

**Defensive Strategies**

In addition to integrative, intensive, and diversification strategies, organizations also could pursue retrenchment, divestiture, or liquidation.

**Question No: 20 ( Marks: 1 ) - Please choose one**

**Which strategy should be implemented when a division is responsible for an organization's overall poor performance?**

▶ **Divestiture**

▶ Forward integration

▶ Cost leadership

▶ Related diversification

**Question No: 21 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT the reason to go for divestiture?**

▶ **When firm has pursued retrenchment but failed to attain needed improvements**

▶ When the availability of quality distributors is too limited

▶ When a division needs more resources than the firm can provide

▶ When a division is responsible for the firm's overall poor performance

**Question No: 22 ( Marks: 1 ) - Please choose one**

**A joining of two companies through one company buying more than one half of the other company's stocks is known as:**

▶ Monopolization

▶ A spin-off

▶ **An acquisition**

▶ A Merger

**Question No: 23 ( Marks: 1 ) - Please choose one**

**Which of the following statements is TRUE about company's strategies?**

▶ **Company strategies concern how to grow the business, how to out-compete rivals, how to satisfy customers**

- ▶ Company strategies concern when to change the company's strategic vision and business model
- ▶ Company strategies concern whether to focus on achieving short-run performance targets or on long-range
- ▶ Company strategies concern performance targets and how much organizational stretch to build in

**Question No: 24 ( Marks: 1 ) - Please choose one**

**Which of the following is a key merit of strategic management?**

- ▶ Strategic management enables an organization to be proactive
- ▶ Strategic management enables an organization to avoid the threats
- ▶ Strategic management enables an organization to defeat their competitors
- ▶ **Strategic management enables an organization to foresee into the future**

**Ref:**

Benefits of Strategic management

Following are the major benefits of Strategic management:

¾ Proactive in shaping firm's future

¾ Initiate and influence actions

¾ Formulate better strategies (Systematic, logical, rational approach)

**Question No: 25 ( Marks: 1 ) - Please choose one**

**Which of the following statements describes a company's strategic vision?**

- ▶ **Gives a broad, aspiration image of the future that an organization is aiming to achieve**
- ▶ Sets forth the long-range financial and strategic performance targets that organization seeks to achieve
- ▶ Indicates the boundaries of the company's present business
- ▶ Reflects how strategic objectives are to be achieved

**Question No: 26 ( Marks: 1 ) - Please choose one**

**Which of the following is NOT a key question that can reveal internal strengths and weaknesses of the marketing department?**

- ▶ Does the firm have effective sales?
- ▶ Are markets segmented effectively?
- ▶ Are the firm's products and services priced appropriately?
- ▶ **Does the firm have good liquidity?**

**Question No: 27 ( Marks: 1 ) - Please choose one**

**The corporate social policy should be reaffirmed or changed during which phase of strategic management?**

- ▶ Strategy control
- ▶ Strategy implementation
- ▶ Strategy formulation
- ▶ **Strategy evaluation**

**Ref:** Corporate social policy should be designed and articulated during strategy formulation, set and administered during strategy implementation, and reaffirmed or changed during strategy evaluation.

**Question No: 4 ( Marks: 1 ) - Please choose one**

**A mission statement should “reconcile interests among diverse stakeholders”. What does it mean?**

- ▶ All shareholders must be satisfied
- ▶ Shareholders should be given preference over customers
- ▶ **Firm will devote attention to meeting claims of various stakeholders**
- ▶ Firm will devote its attention towards the maximization of shareholders value

**Question No: 5 ( Marks: 1 ) - Please choose one**  
**Where an organization takes into account the effect of its strategic decisions on the society, the firm is taking care of:**

- ▶ Corporate governance
- ▶ Business policy
- ▶ Business ethics
- ▶ **Social policy**

Social issues mandate that strategists consider not only what the organization owes its various stakeholders but also what responsibilities the firm has to consumers, environmentalists, minorities, communities, and other groups. After decades of debate on the topic of social responsibility, many firms still struggle to determine appropriate social policies

**Question No: 6 ( Marks: 1 ) - Please choose one**  
**External assessment is performed in which of the following strategic-management phase?**

- ▶ **Strategy formulation stage**
- ▶ Strategy implementation stage
- ▶ Strategy evaluation stage
- ▶ All of the given options

**Question No: 12 ( Marks: 1 ) - Please choose one**  
**Which of the following statement is correct about distinctive competence?**

- ▶ Is usually tied closely to the ability of a company's manufacturing capability and/or its proprietary technology and know-how
- ▶ Nearly always resides in the ability of the company's assets on its balance sheet rather than in its people
- ▶ Is better suited in helping companies defend against external threats than in pursuing external market opportunities
- ▶ **Is a unique thing that a firm does really well and that quality or attribute sets it aside from its competitors**

**Question No: 13 ( Marks: 1 ) - Please choose one**  
**Which of the following ratios is least likely to be helpful in evaluating a firm's decision regarding dividend?**

- ▶ Earnings-per-share ratio
- ▶ **Long-Term Debt-to-Equity Ratio**
- ▶ Dividends-per-share ratio
- ▶ Price-earnings ratio

Three financial ratios that are helpful in evaluating a firm's dividend decisions are the earnings-per share ratio, the dividends-per-share ratio, and the price-earnings ratio.

**Question No: 17 ( Marks: 1 ) - Please choose one**  
**The Web sites that sell products directly to the consumers are the examples of which type of strategy?**



- ▶ Backward integration
- ▶ Product development
- ▶ **Forward integration**
- ▶ Horizontal integration

**Question No: 20 ( Marks: 1 ) - Please choose one**

**Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?**

▶ **Liquidation**

- ▶ Integration
- ▶ Differentiation
- ▶ Diversification

**Question No: 21 ( Marks: 1 ) - Please choose one**

**When both divestiture and retrenchment have been pursued unsuccessfully, which of the following strategies is effective to pursue?**

▶ Forward integration

▶ **Liquidation**

- ▶ Merger
- ▶ Takeover

#### **Guidelines for Liquidation**

Three guidelines when liquidation may be an especially effective strategy to pursue are:

When both retrenchment and divestiture have been pursued unsuccessfully

If the only alternative is bankruptcy, liquidation is an orderly alternative

When stockholders can minimize their losses by selling the firm's assets

**Question No: 26 ( Marks: 1 ) - Please choose one**

**"If a strategist has identified that the market growth rate is 8 %, the number of sellers in industry are 52 and the industry's products are differentiated." Which of the following industry's success factor is he exploring?**

- ▶ Social forces
- ▶ Competitive forces
- ▶ Political forces
- ▶ **Economic forces**

**Question No: 28 ( Marks: 1 ) - Please choose one**

**A series of ratios that measure the extent to which a firm has been financed by debt is known as:**

- ▶ Activity ratios
- ▶ **Leverage ratios**
- ▶ Profitability ratios
- ▶ Liquidity ratios

Leverage ratios measure the extent to which a firm has been financed by debt.

**Question No: 6 ( Marks: 1 ) - Please choose one**

**Which of the following is TRUE about anti-trust legislation?**

- ▶ The is the law intended to protect the ozone layer in the environment
- ▶ This is the law intended to regulate the tax rates in the economy
- ▶ **This is the law intended to promote free competition in the market**
- ▶ This is the law intended to regulate and register the patents

law intended to promote free competition in the market place by outlawing monopolies

**Question No: 11 ( Marks: 1 ) - Please choose one**

**Which one of the following best describes "a substitute product or service"?**

- ▶ A competitor's product or service
- ▶ **An alternative way of meeting the same need**
- ▶ A new entrant into the industry
- ▶ A less attractive way of meeting the same need

**Question No: 22 ( Marks: 1 ) - Please choose one**

**Ahmad Textiles and Superior Textiles have come with each other in cross-manufacturing agreement, the firms are going for which of the following?**

- ▶ Liquidation
- ▶ Acquisition
- ▶ **Joint venture**
- ▶ Takeover

**Question No: 24 ( Marks: 1 ) - Please choose one**

**Adapting to change confronts an organization's strategic management to which of the following issue(s):**

- ▶ What kind of business we should be in?
- ▶ Are we in the right field?
- ▶ Should we reshape our business?
- ▶ **All of the given options**

Time: 60 min  
Marks: 44

**Question No: 1 ( Marks: 1 ) - Please choose one**

**Which of the following can be considered as a factor of internal strengths and weaknesses of an organization?**

- ▶ Technological changes
- ▶ **Production/operations**
- ▶ Demographics
- ▶ Competitive trends

**Question No: 17 ( Marks: 1 ) - Please choose one**

**The steps required to perform cost/benefit analysis include all BUT:**

- ▶ Comparing the total costs with the total benefits
- ▶ Figure out the total costs associated with a decision
- ▶ **Approximation of the total benefits from the decision**
- ▶ Adding the total cost and total benefit

**Question No: 25 ( Marks: 1 ) - Please choose one**

**Which of the following environment includes all those factors which affect the organization and is itself affected by the organization?**

- ▶ **Task environment**
- ▶ Social environment

- ▶ External environment
- ▶ Internal environment

**Page 9: Task Environment:**

Task environment includes all those factors which affect the organization and itself affected by the organization. These factor effects the specific related organizations. These factors are shareholders community, labor unions, creditor, customers, competitors, trade associations.

**1. Which of the following is often considered the first step in strategic planning?**

- ▶ Devising a mission statement
- ▶ **Developing a vision statement P; 6**
- ▶ Setting annual objectives
- ▶ Formulating set of strategies

**3. "Ethnic balance changes due to the migration of the people from different areas to different areas. This affects the ethical behavior very much", this is the effect of which of the following forces?**

- ▶ Economic forces
- ▶ **Social, cultural, and demographic forces P; 31**
- ▶ Technological forces
- ▶ Competitive forces

**5. Supplier bargaining power is not likely to pose strong competitive pressure when which of the following situation is prevailing?**

- ▶ Buying firms are looking for suppliers with superior just-in-time supply capabilities and low prices
- ▶ The suppliers furnish a critical part or component that is in relatively short supply
- ▶ Buying firms collaborate closely with their key suppliers to achieve mutual benefits
- ▶ The products of alternative suppliers are highly differentiated, making the cost of switching relatively high

**10. Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?**

- ▶ **Liquidation P; 95**
- ▶ Integration
- ▶ Differentiation
- ▶ Diversification

**12 . All of the following statements are true about a firm's mission statement EXCEPT:**

**A mission statement directly contributes positively to financial performance**  
**P25**

A mission statement does not directly contribute positively to financial performance

A mission statement should not provide useful criteria for selecting among alternative strategies

Primary reason to develop a mission statement is not to attract the customers

**13. Which one variable falls under the category of the Social, Cultural, Demographic, and Environmental Variable?**

Propensity of people to spend

**Buying habits P34**

Level of disposable income

Income differences by region

**14. Which of the following is a collection of firms that offers similar products or services such as IBM, Apple, and Dell**

Concentration

**Industry**

Corporation

Alliances

An industry can be defined as a group of companies offering products or services that are close substitutes for each other

**18. Which of the following are developed in strategy implementation phase of strategic management?**

Vision and mission

**Annual objectives p; 4**

Strengths and weaknesses

Opportunities and threats

Which of the following best describe piece rate system?

- ▶ **The increased volume of production results in decreased cost of production**
- ▶ The increased volume of production in minimum time

- ▶ Establishment of fair standard rates
- ▶ Higher output is a result of efficient management

Which of the following is **NOT** an assumption of the basic economic-order quantity model?

- ▶ Annual demand is known
- ▶ Ordering cost is known
- ▶ Carrying cost is known
- ▶ **Quantity discounts are available**

All of the following are deducted from gross Profit to calculate Operating income **EXCEPT**:

- ▶ Selling expenses
- ▶ Advertising expenses
- ▶ Administrative expenses
- ▶ **Financial expenses**

The salary of factory clerk is treated as:

- ▶ Direct labor cost
- ▶ **Indirect labor cost**
- ▶ Conversion cost
- ▶ Prime cost

The components of the conversion cost are:

- ▶ Direct Material + Direct Labor + Other Direct Cost
- ▶ **Direct Labor + FOH**
- ▶ Prime Cost + FOH + Other Direct Cost
- ▶ Prime Cost + FOH

In cost accounting, Avoidable loss is charged to which of the following?

- ▶ Factory overhead control account
- ▶ **Work in process control account**
- ▶ Marketing overhead control account
- ▶ Administration overhead control account

Which of the following functions are fulfilled by Goods Received Note?

- i. Provides information to update the inventory records on receipt of goods
- ii. Provides information to check the quantity on the supplier's invoice
- iii. Provides information to check the price on the supplier's invoice
- ▶ (i) only
- ▶ **(i) and (ii) only**
- ▶ (i) and (iii) only
- ▶ **(ii) and (iii) only**

Overhead absorption rate (OAR) can be calculated as:

- ▶ Direct labor cost / Direct Labor hours

► Estimated FOH/ Direct Labor hours

► Prime cost/ Estimated FOH

► Prime cost/ Direct labor cost

Which of the following would be considered as factory overhead using a job order cost system?

► Direct materials

► Direct labor

► Depreciation on factory buildings

► Salesperson's salary

► Salesperson's salary

If, Basic Salary Rs.10,000

Per Piece commission Rs. 5

Unit sold 700 pieces

What will be the COMMISSION?

► Rs. 3,500

► Rs. 13,500

► Rs. 10,000

► Rs. 6,500

With reference to cost of production report, cost accounted for as follows is also known as:

► Cost reconciliation

► Bank reconciliation

► Cash reconciliation

► Capital reconciliation

Identify units transferred out with the help of given data:

	Units
Units still in process (100%material, 75% conversion )	4,000
Lost units	2,000
Units started in process	50,000

- ▶ 6,000 units
- ▶ **44,000 units**
- ▶ 52,000 units
- ▶ 56,000 units

The difference over the period of time between actual and applied FOH will usually be minimal when the predetermined overhead rate is based on:

▶ **Normal capacity**

- ▶ Designed capacity
- ▶ Direct Labor hours
- ▶ Machine hours

The cost that is subject to actual payment or will be paid for in future is called:

- ▶ Fixed cost
- ▶ Step cost
- ▶ **Explicit cost**
- ▶ Imputed cost

Cost of material consumed under LIFO costing method is Rs. 6,000. Conversion Cost is Rs. 16,500. 1,000 units of the product were manufactured out of which 800 @ Rs. 30 units sold. There were no beginning and ending inventories of work in process and finished goods.

**Required:** Calculate per unit cost with the help of given information.

- ▶ **Rs. 22.50**
- ▶ **Rs.16.50**
- ▶ Rs. 6.00
- ▶ Rs. 28.13

Calculate total salary received with the given data.

Salary	Rs.5000
Per Piece commission	10 % per piece
Unit sold	700 pieces
Price per piece	Rs. 10

- ▶ **Rs. 5,100**



► Rs. 5,000

► Rs. 5,600

► **Rs. 5,700**

Which cost accumulation procedure is best suited to a continuous mass production process of similar units?

► Job order costing

► **Process costing**

► Standard costing

► Actual costing

Which of the following method of inventory valuation is not recommended under IAS 02?

► **LIFO**

► FIFO

► Weighted Average

► Both LIFO & FIFO

Which of the following are basic inventories for a manufacturing concern?

► Indirect materials, goods in process, and raw materials

► Finished goods, raw materials, and direct materials

► **Raw materials, goods in process, and finished goods**

► Raw materials, factory overhead, and direct labor

If the cost per equivalent unit is Rs. 1.60. The equivalent units of output are 50,000. The WIP closing stock is 10,000 units, 40% completed. What will be the value of closing stock?

► Rs. 9,600

► Rs. 80,000

► Rs. 16,000

► **Rs. 6,400**

Consider the following data:

Salary	Rs.5000
Per Piece commission	10 % per piece
Unit sold	700 pieces
Price per piece	Rs. 10
Amount of commission received	?

► Rs. 100

► Rs. 500

► Rs. 600

► **Rs. 700**

**Question No: 32 ( Marks: 1 ) - Please choose one**

Lost units (Normal loss)	500 units
Units received from preceding department	13,500 units
Units completed in this department	11,750 units

**Required:** Identify units still in process with the help of above data.

► **1,250 units**

► 14,000 units

- ▶ 12,250 units
- ▶ 1,750 units

The journal entry of Material purchase on credit under perpetual inventory system is:

- ▶ Inventory account (Dr) Material account (Cr)
- ▶ Account payable (Dr.) Purchases account (Cr)
- ▶ **Inventory account (Dr) Account payable account (Cr)**
- ▶ Purchases account (Dr) Accounts payable account (Cr)

A direct cost is identified by which of the following feature?

- ▶ Its behavior
- ▶ **Its traceability**
- ▶ Its controllability
- ▶ Its relevance

**INCOME BEFORE INTEREST AND TEX**

**OTHER INCOME**

**OPERATING INCOME**

**GROSS PROFIT**

**Pay roll sheet include except**

**Gross income**

**Net income**

**Tax rebate**

**Statuary and non statuary**

Inventory of Rs. 96,000 was purchased during the year. The cost of goods sold was Rs. 90,000 and the ending inventory was Rs. 18,000. What was the inventory turnover ratio for the year?

- ▶ 5.0 times
- ▶ 5.3 times
- ▶ **6.0 times**
- ▶ 6.4 times

Discuss the advantages and disadvantages of the group bonus scheme?

Write the formula of abortion and discuss it base?

EQUILENT production material, lab. FOH (CALUCLATION WALA THAA)

PRIME COST (CALUCLATION WALA THAA)

**Solved these quizz by urself..**

**Which of the following can be best described as short-term in nature?**

**Select correct option:**

Mission statements

[Annual objectives](#)

Strategies

Vision statement

**Which of the following are the factors that concern the nature and direction of the economy in which a firm operates?**

**Select correct option:**

Technological

Ecological

Social

[Economic](#)

**Which one of the followings best describes this statement; "The conditions that a company must satisfy in order to be able to enter an industry"?**

**Select correct option:**

Economies of scale

[Barriers to entry](#)

Differentiation

Competitive environment

**During which stage of strategic management, firm's specific internal strengths and weaknesses are determined?**

**Select correct option:**

[Formulation](#)

Implementation

Evaluation

Feedback

**Which of the following arise when a company can take advantage of conditions in its environment to formulate and implement strategies that enable it to become more profitable?**

**Select correct option:**

Strengths

[Opportunities](#)

Weaknesses

Threats

**Which statement is CORRECT about strategic-management process?**

**Select correct option:**

It occurs once a year

[It is a continuous process](#)

It applies mostly to large business

It applies mostly to small businesses

**Ethnic balance is affected due to which of the following?**

**Select correct option:**

Change in ethnic values

Awareness of ethnic norms

[Migration of the people towards different areas](#)

Introduction of new laws relating to ethnicity

**The organizations that conduct business operations across national borders are known as which of the following?**

**Select correct option:**

Domestic firms

[Multinational corporations](#)

Parent companies

Franchises

**Which of the following is the greatest advantage of international operations?**

**Select correct option:**

Reduced tariffs and taxes

Access to global business practices

[Gaining new customers](#)

Less-intense competition

**Which of the following are developed in strategy implementation phase of strategic management?**

**Select correct option:**

Vision and mission

[Annual objectives](#)

Strengths and weaknesses

Opportunities and threats

**Which of the following is not a strategy-implementation activity?  
Select correct option:**

[Long term goals and objectives](#)

Developing strategy supportive culture

Redirecting marketing efforts

Developing and utilizing information system

**Strategy implementation includes developing strategy supportive culture, creating an effective organizational structure, redirecting marketing efforts, preparing budgets, developing and utilizing information system and linking employee compensation to organizational performance.**

**The mission statement answers which of the following question?  
Select correct option:**

What is our business?

How can we improve ourselves?

[What do we want to become?](#)

Who are our stakeholders?

**Where an organization takes into account the effect of its strategic decisions on the society, the firm is taking care of which of these?**

**Select correct option:**

Corporate governance

Business policy

Business ethics

[Social policy](#)

**Which of the following is best identified as a statement that presents "a firm's big picture statement, describing a desired end-state, general in scope, and not restrictive"?**

**Select correct option:**

Corporate philosophy statement

Company creed

[Vision statement](#)

Mission statement

**While preparing an External Factor Evaluation matrix, a total score of 0.8 indicates what?**

**Select correct option:**

Firm is taking advantages of strengths and avoiding threats  
Firm is not taking advantages of opportunities and is avoiding threats  
Firm is not taking advantages of opportunities and is not avoiding threats  
[Firm is taking advantage of opportunities and is avoiding the threats](#)

**Question # 3 of 10 ( Start time: 02:02:21 AM ) Total Marks: 1**  
**External forces directly affects all of the following EXCEPT:**

**Select correct option:**

Market segmentation strategies  
Types of products/services offered  
[Management structure of organization](#)

**Choice of businesses to acquire or sell**

Attitudes of people in the external environment  
Lifestyles of people  
Per capita income  
Values and beliefs of persons outside the firm

**Which type of trend can be exemplified by the increase in average level of education in a society?**

[Social](#)  
Economic  
Cultural  
Technological

**A Good mission statement identifies the utility of a firm's products to its customers"; which of the following represents this statement?**

Organization's philosophy  
Customer orientation  
Social policy  
Declaration of attitude  
[Customer orientation](#)

**Which of the following can be the weakness of an organization?**

Price war  
[Poor location of business](#)  
Increased trade barriers  
Innovative substitute product

**Which one of the followings best describes this statement; "The**

**conditions that a company must satisfy in order to be able to enter an industry"?**

Economies of scale

[Barriers to entry](#)

Differentiation

Competitive environment

**Which one variable falls under the category of the Social, Cultural, Demographic, and Environmental Variable?**

Propensity of people to spend

[Buying habits](#)

Level of disposable income

Income differences by region

**Which one of the following is NOT a basic mission of a competitive intelligence program?**

To provide a general understanding of an industry

To provide a general understanding of a company's competitors

[To identify industry executives who could be hired by the firm](#)

To identify potential moves a competitor might make that would endanger a firm

**Political variables have a significant effect on which one of the following?**

[Formulation and implementation of strategy](#)

Formulation and Evaluation of a strategy

Implementation and evaluation of a strategy

Formulation, implementation and evaluation of a strategy

**The mission statement answers which of the following question?**

[What is our business? \(correct\)](#)

How can we improve ourselves?

What do we want to become?

Who are our stakeholders?

**Which of the following statement is TRUE about a Vision statement of a company?**

[It concentrates on future](#)

It defines the customers

It identify critical processes

It informs about the desired level of performance

**All of the following statements are true about a firm's mission**

**statement EXPECT:**

A mission statement does not directly contribute positively to financial performance.

A mission statement directly contributes positively to financial performance.

**A mission statement should not provide useful criteria for selecting among alternative strategies. (correct)**

Primary reason to develop a mission statement is not to attract the customers

Question # 1 of 20 ( Start time: 04:17:07 PM ) Total Marks: 1

Which matrices are also known as Portfolio matrices?

Select correct option:

SPACE and BCG matrix

**IE and BCG matrix**

TOWS and IE matrix

SPACE and TOWS matrix

Question # 2 of 20 ( Start time: 04:18:15 PM ) Total Marks: 1

According to Porter, which strategy offers products or services to a small range of customers at the lowest price available on the market?

Select correct option:

**Low cost**

Best value

Cost focus

Differentiation

Question # 3 of 20 ( Start time: 04:19:01 PM ) Total Marks: 1

Which one of the following is NOT a major region of IE matrix?

Select correct option:

Grow and build

**Grow and maintain**

Hold and maintain

Harvest or divest

Question # 4 of 20 ( Start time: 04:19:41 PM ) Total Marks: 1

While evaluating a strategy, Corrective actions are almost always needed EXCEPT:

Select correct option:

When external and internal factors have not significantly changed

**When the firm is not progressing satisfactorily toward objectives**

When the firm has not achieved the stated organizational goals

When there are differences between desired results and achieved results

Question # 5 of 20 ( Start time: 04:20:21 PM ) Total Marks: 1

Principles of conduct that guide decision-making are known as:

Select correct option:



Human rights

**Business ethics**

The constitution

Social responsibility

Question # 6 of 20 ( Start time: 04:21:12 PM ) Total Marks: 1

“The process of dividing markets into groups of consumers who are similar to each other”. Which of the following terms describes the statement?

Select correct option:

Positioning

**Segmentation**

Marketing

Targeting

Question # 7 of 20 ( Start time: 04:21:52 PM ) Total Marks: 1

Which of the following directs at developing new products before competitors do at improving product quality or at improving manufacturing processes to reduce costs?

Select correct option:

Marketing

Opportunity analysis

**Research and development**

Management

Question # 8 of 20 ( Start time: 04:22:24 PM ) Total Marks: 1

Just in Time process works on series of signals which are called:

Select correct option:

Kaizan

**Kanban**

Kansan

None of the given options

Question # 9 of 20 ( Start time: 04:22:53 PM ) Total Marks: 1

As managers move up the organization, they perform which of the management function more?

Select correct option:

**Leading**

Controlling

Organizing

Planning

Question # 10 of 20 ( Start time: 04:23:48 PM ) Total Marks: 1

Which of the following is NOT a decision that may require finance/accounting policies?

Select correct option:

To extend the time of accounts receivable  
To determine an appropriate dividend payout ratio  
To use LIFO, FIFO, or a market-value accounting approach

**To determine the amount of product diversification**

Question # 11 of 20 ( Start time: 04:24:23 PM ) Total Marks: 1

Which of the following is a deliberate plan of action, guidelines, methods, procedures to guide decisions and achieve rational outcome?

Select correct option:

Annual objectives

Strategies

**Policies**

Goals

Question # 12 of 20 ( Start time: 04:24:51 PM ) Total Marks: 1

In BCG matrix, the size of circle corresponding to a division represents what?

Select correct option:

Relative market share of that division

Financial strength of that division

**Revenue generated by that division**

Relative market share of the division

Question # 13 of 20 ( Start time: 04:25:28 PM ) Total Marks: 1

All of the following are the outputs of a system EXCEPT:

Select correct option:

Tables

Charts

**Data**

Graphs

Question # 14 of 20 ( Start time: 04:25:57 PM ) Total Marks: 1

Which marketing function includes test marketing?

Select correct option:

Selling products/services

Customer analysis

**Product/service planning**

Distributing

Question # 15 of 20 ( Start time: 04:26:40 PM ) Total Marks: 1

Exclusive access to high grade natural resources is an example of which of the following?

Select correct option:

Strength

Weakness  
Opportunity  
Threat

Question # 16 of 20 ( Start time: 04:26:54 PM ) Total Marks: 1

Which of the following is the decision support role of management information system?  
Select correct option:

Processing marketing records into marketing plans

**Allowing users to ask "What if" questions**

Recording and storing such human resource records

Processing operations records into production schedules

Question # 17 of 20 ( Start time: 04:27:53 PM ) Total Marks: 1

Which of the following arise when a company can take advantage of conditions in its environment to formulate and implement strategies that enable it to become more profitable?

Select correct option:

Strengths

**Opportunities**

Weaknesses

Threats

Question # 18 of 20 ( Start time: 04:28:15 PM ) Total Marks: 1

Which one of the following dimensions is NOT a recommended component of a mission statement?

Select correct option:

Self-concept

Markets

**Strategies**

Customers

Question # 19 of 20 ( Start time: 04:28:57 PM ) Total Marks: 1

The in-house R & D is a preferred solution in which of the following situation:  
Select correct option:

**Technological progress is slow and market growth is moderate**

Technology is changing rapidly and market is growing slowly

If technology is changing slowly and market is growing quickly

If both, technological progress and market growth rate are fast

Question # 20 of 20 ( Start time: 04:29:28 PM ) Total Marks: 1

All of the following are the examples of the actions that can be taken in strategy implementation stage EXCEPT:

Select correct option:

Changing organization's pricing strategy  
Developing new employee benefits  
Transferring managers among divisions  
**Taking corrective action when needed**

Question # 1 of 15 (Start time: 08:34:41 PM) Total Marks: 1  
Firms in quadrant-IV of grand strategy matrix have which of the following characteristics?  
Select correct option:

Rapid market growth and strong competitive position  
Rapid market growth and weak competitive position  
**Slow market growth and strong competitive position**  
Slow market growth and weak competitive position

Question # 2 of 15 ( Start time: 08:35:29 PM ) Total Marks: 1  
Assigning rating 3 to an internal factor in IFE matrix indicates what?  
Select correct option:

Major weakness  
Minor weakness  
**Minor strength**  
Major strength

Question # 3 of 15 ( Start time: 08:36:28 PM ) Total Marks: 1  
Which one of the following dimensions is NOT a recommended component of a mission statement?  
Select correct option:

Self-concept  
Markets  
**Strategies**  
Customers

Question # 4 of 15 ( Start time: 08:37:04 PM ) Total Marks: 1  
All of the following are used as a base for market segmentation EXCEPT:  
Select correct option:

**Socioeconomic**  
Geographic  
Demographic  
Psychographic

Question # 5 of 15 ( Start time: 08:37:43 PM ) Total Marks: 1  
Majority of the businesses follow which of the following organizational structure?  
Select correct option:

Strategic business unit

**Functional structure**

Divisional structure

Matrix structure

Question # 6 of 15 ( Start time: 08:38:28 PM ) Total Marks: 1

In the SPACE analysis, what does (+6, +3) strategy profile portray?

Select correct option:

**A strong industry with strong financial strength**

A stable environment with strong financial strength

A stable environment for highly competitive firm

A strong industry operating in stable environment

Question # 7 of 15 ( Start time: 08:39:59 PM ) Total Marks: 1

Which of the following statement is referred to 'Price fluctuation'?

Select correct option:

Decrease in prices

Increase in prices

Fluctuation in the prices of a particular commodity

**Fluctuation in general price level**

Question # 8 of 15 ( Start time: 08:40:23 PM ) Total Marks: 1

Long-term objectives are needed at which level(s) of the organization?

Select correct option:

Corporate level

Divisional level

Functional level

**All of the given options**

Question # 9 of 15 ( Start time: 08:40:59 PM ) Total Marks: 1

For the past four years the ABC Corporation has been planning to expand its operations in order to reach out to the world market. Essentially, the ABC Corporation desires to do what?

Select correct option:

Become an online business

Become a brick-n-mortar business

**Embrace globalization**

Become a click-n-mortar business

Question # 10 of 15 ( Start time: 08:41:43 PM ) Total Marks: 1

Establishing and implementing ways of making things work is known as:

Select correct option:

**Planning**

Organizing

Leading  
Controlling

Question # 11 of 15 ( Start time: 08:42:35 PM ) Total Marks: 1

All of the following are functional support roles of Management Information System

EXCEPT:

Select correct option:

Recording and storing accounting records  
Recording and storing inventory data  
Recording and storing business intelligence data

**The enhanced ability to explore "what if"**

Question # 12 of 15 ( Start time: 08:43:05 PM ) Total Marks: 1

Strategy formulation stage includes all of the following EXCEPT:

Select correct option:

Vision and mission  
Strength and weakness  
Opportunities and threats

**Annual objectives**

Question # 13 of 15 ( Start time: 08:43:52 PM ) Total Marks: 1

During which stage of strategic management, firm's specific internal strengths and weaknesses are determined?

Select correct option:

**Formulation**

Implementation  
Evaluation  
Feedback

Question # 14 of 15 ( Start time: 08:44:21 PM ) Total Marks: 1

The SPACE matrix of XYZ company shows that the coordinates of its directional vector are (-5, -5). What strategy would you recommend for the ABC Company?

Select correct option:

**Concentric diversification**

Market development  
Backward integration  
Joint venture

Question # 15 of 15 ( Start time: 08:45:14 PM ) Total Marks: 1

Which one of the following is NOT a basic mission of a competitive intelligence program?

Select correct option:

To provide a general understanding of an industry

To provide a general understanding of a company's competitors

**To identify industry executives who could be hired by the firm**

To identify potential moves a competitor might make that would endanger a firm

Question # 1 of 15 ( Start time: 08:49:07 PM ) Total Marks: 1

According to Porter, which strategy offers products or services to a small range of customers at the lowest price available on the market?

Select correct option:

**Low cost**

Best value

Cost focus

Differentiation

Question # 2 of 15 ( Start time: 08:49:48 PM ) Total Marks: 1

All of the following are the indicators of industry strength for an organization EXCEPT:

Select correct option:

Financial stability

Ease of entry into the market

Geographic and product freedom

**Control over suppliers**

Question # 3 of 15 ( Start time: 08:50:40 PM ) Total Marks: 1

The strategy embraced by Ahmad Bros. is to address the needs of a very selected and specialized market segment. That is most likely to engage in which one of the following types of strategy?

Select correct option:

Differentiation strategy

Generic strategy

**Focus strategy**

Low cost strategy

Question # 4 of 15 ( Start time: 08:51:22 PM ) Total Marks: 1

Ethnic balance is affected due to which of the following?

Select correct option:

Change in ethnic values

Awareness of ethnic norms

**Migration of the people towards different areas**

Introduction of new laws relating to ethnicity

Question # 5 of 15 ( Start time: 08:51:56 PM ) Total Marks: 1

All of the following are examples of marketing decisions that require policies EXCEPT:

Select correct option:

**To be a market leader or follower**

Whether to advertise online or not

Either to offer a complete or limited warranty

To use billboards for outdoor advertising

Question # 6 of 15 ( Start time: 08:52:35 PM ) Total Marks: 1

A system of several rites connected with a single occasion or event is known as:

Select correct option:

Myth

**Ceremonial**

Saga

Legend

Question # 7 of 15 ( Start time: 08:53:04 PM ) Total Marks: 1

Test marketing is commonly applied by which of the following companies?

Select correct option:

Industrial goods companies

**Consumer goods companies**

Public sector companies

Private sector companies

Question # 8 of 15 ( Start time: 08:53:44 PM ) Total Marks: 1

Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:

Select correct option:

Distribution efficiency

Production efficiency

**New investments**

Product innovation

Question # 9 of 15 ( Start time: 08:54:12 PM ) Total Marks: 1

The purpose of an external audit is to prepare a list of which of the following?

Select correct option:

Opportunities and weaknesses

Threats and strengths

**Opportunities and threats**

Strengths and weaknesses

Question # 10 of 15 ( Start time: 08:54:50 PM ) Total Marks: 1

What strategies are appropriate for the divisions that fall in grow and build region of IE matrix?

Select correct option:

Defensive and integrative strategies

**Intensive and integrative strategies**

Diversification and intensive strategies

Defensive and diversification strategies

Question # 11 of 15 ( Start time: 08:55:44 PM ) Total Marks: 1

Adding new, unrelated products or services is called:

Select correct option:

Forward integration

Backward integration

**Conglomerate diversification**

Concentric diversification



Question # 12 of 15 ( Start time: 08:56:24 PM ) Total Marks: 1

Which one of the following is the organizational structure that most of the medium-size organizations follow?

Select correct option:

**Divisional structure**

Strategic business unit

Functional structure

Matrix structure

Question # 13 of 15 ( Start time: 08:57:07 PM ) Total Marks: 1

Which of the following is the first step in the controlling function of management?

Select correct option:

Take corrective actions

Restrict breaks employees take

Evaluate expense reports

**Establish performance standards**

Question # 14 of 15 ( Start time: 08:57:55 PM ) Total Marks: 1

Which of the following factors can predict the stability or non-stability of the environment, the firm is operating in?

Select correct option:

**Rate of inflation**

Ease of exit from market

Customer loyalty

Financial stability

Question # 15 of 15 ( Start time: 08:58:33 PM ) Total Marks: 1

Which of the followings best describes the Horizontal integration?

Select correct option:

A firm takes over a supplier

A firm takes over a distributor

**A firm takes over a competitor**

A firm takes over a manufacturer

Question # 1 of 15 ( Start time: 09:02:21 PM ) Total Marks: 1

Which of these is an attractive strategy for a cash cow division?

Select correct option:

**Concentric diversification**

Horizontal integration

Conglomerate diversification

Backward integration

Question # 2 of 15 ( Start time: 09:03:20 PM ) Total Marks: 1

All of the following are the types of cooperative arrangements EXCEPT:

Select correct option:

R&D partnerships

Joint-bidding consortia

Cross-licensing agreements

**Diversification**

Question # 3 of 15 ( Start time: 09:04:34 PM ) Total Marks: 1

Which of the following is the first step in developing QSPM?

Select correct option:

**Developing a list of the firm's key external and internal factors.**

Determining the Attractiveness Scores for each strategy.

Examine the Stage 2 matrices and identify alternative strategies.

Assigning weights to each key external and internal factor.

Question # 4 of 15 ( Start time: 09:05:15 PM ) Total Marks: 1

The reason to develop QSPM is to evaluate the alternative strategies derived from all of these EXCEPT:

Select correct option:

Grand Strategy Matrix

BCG Matrix

Space Matrix

**CPM Matrix**

Question # 5 of 15 ( Start time: 09:06:14 PM ) Total Marks: 1

All of the following situations are conducive to market development EXCEPT:

Select correct option:

When new untapped or unsaturated markets exist

**When new channels of distribution are expensive**

When an organization has excess production capacity

When an organization's basic industry is becoming rapidly global

Question # 6 of 15 ( Start time: 09:06:58 PM ) Total Marks: 1

All of the following are the examples of promotion decision EXCEPT:

Select correct option:

Personal selling

**Volume discounts**

Public relations

Advertising

Question # 7 of 15 ( Start time: 09:08:03 PM ) Total Marks: 1

Which strategy seeks to increase market share of present products or services in present markets through greater marketing efforts?

Select correct option:

**Market penetration**

Market development

Backward integration

Product development

Question # 8 of 15 ( Start time: 09:08:33 PM ) Total Marks: 1

All of the following would be considered as weaknesses to a business EXCEPT:

Select correct option:

Maturing markets

Limited industry expertise

**Brand name**

Limited financial resources

Question # 9 of 15 ( Start time: 09:09:28 PM ) Total Marks: 1

According to Porter, which strategy offers products or services to a small range of

customers at the lowest price available on the market?

Select correct option:

**Low cost**

Best value

Cost focus

Differentiation

Question # 10 of 15 ( Start time: 09:10:39 PM ) Total Marks: 1

When a merger or acquisition is not desired by both the parties of merger, then it is known as:

Select correct option:

Divestiture

**Takeover**

Outsourcing

Integration

Question # 11 of 15 ( Start time: 09:11:23 PM ) Total Marks: 1

What are the four dimensions of a SPACE matrix?

Select correct option:

Environmental stability; Industrial strength; Competitive advantage; Market growth rate

**Environmental stability; Industrial strength; Competitive advantage; Financial strength**

Industrial strength; Competitive advantage; financial strength; Market share

Environmental stability; Industrial strength; Market growth rate; Market share

Question # 12 of 15 ( Start time: 09:11:56 PM ) Total Marks: 1

Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture

Divestiture

**Liquidation**

Integration

Question # 13 of 15 ( Start time: 09:12:35 PM ) Total Marks: 1

Market segmentation is especially used in implementing strategies by which of the following firms?

Select correct option:

**Small firms**

Medium-size firms

Large firms

All of these firms

Question # 14 of 15 ( Start time: 09:13:04 PM ) Total Marks: 1

When two organizations of about equal size unite to form one enterprise, which of the following takes place?

Select correct option:

Hostile takeover

**Merger**

Liquidation

Divestiture

Question # 15 of 15 ( Start time: 09:13:50 PM ) Total Marks: 1

Which of the following strategy generally entails large research and development

expenditures?

Select correct option:

Market penetration

Retrenchment

Forward integration

**Product development**

Question # 1 of 15 ( Start time: 09:23:55 PM ) Total Marks: 1

Which one of the following is NOT a SMART criterion?

Select correct option:

Measurable

**Strategy**

Achievable

Relevant

Question # 2 of 15 ( Start time: 09:25:01 PM ) Total Marks: 1

External forces directly affects all of the following EXCEPT:

Select correct option:

Market segmentation strategies

Types of products/services offered

**Management structure of organization**

Choice of businesses to acquire or sell

Question # 3 of 15 ( Start time: 09:26:06 PM ) Total Marks: 1

Identify the stages of strategic management process in a precise sequence.

Select correct option:

Strategy evaluation, strategy formulation & strategy implementation

Strategy evaluation, strategy implementation & strategy formulation

**Strategy formulation, strategy implementation & strategy evaluation**

Strategy implementation, strategy evaluation & strategy formulation

Question # 5 of 15 ( Start time: 09:27:47 PM ) Total Marks: 1

All of the following are the key opportunities or threats in external environment because of Political, Govt. & Illegal force EXCEPT:

Select correct option:

Tax rates

**Trust in government**

Pak-India relationships

Patent laws

Question # 6 of 15 ( Start time: 09:28:47 PM ) Total Marks: 1

Which of the following is NOT a SPACE Matrix quadrant?

Select correct option:

Aggressive

Defensive

Competitive

**Offensive**

Question # 7 of 15 ( Start time: 09:29:19 PM ) Total Marks: 1

The IE Matrix consists of how many cells?

Select correct option:

Seven

Eight

**Nine**

Ten

Question # 8 of 15 ( Start time: 09:29:53 PM ) Total Marks: 1

Majority of the businesses follow which of the following organizational structure?

Select correct option:

Strategic business unit

**Functional structure**

Divisional structure

Matrix structure

Question # 9 of 15 ( Start time: 09:30:57 PM ) Total Marks: 1

The process of monitoring performance, comparing it with goals, and correcting any significant deviations is known as:

Select correct option:

Planning

Organizing

Leading

**Controlling**

Question # 10 of 15 ( Start time: 09:31:46 PM ) Total Marks: 1

Marketing decisions generally fall into four controllable categories. Which one of the following is NOT one of marketing decisions category?

Select correct option:

Product

**Process**

Distribution

Promotion

Question # 11 of 15 ( Start time: 09:32:22 PM ) Total Marks: 1

Input stage of strategy formulation framework includes developing which of the following set of strategies?

Select correct option:

IFE, EFE and QSPM Matrix

IFE, IE and BCG Matrix

### **IFE, CPM and EFE Matrix**

EFE, IE and CPM Matrix

Question # 12 of 15 ( Start time: 09:33:22 PM ) Total Marks: 1

Which of the following is best identified as a statement that presents “a firm's big picture statement, describing a desired end-state, general in scope, and not restrictive”?

Select correct option:

Corporate philosophy statement

Company creed

**Vision statement**

Mission statement

Question # 13 of 15 ( Start time: 09:34:02 PM ) Total Marks: 1

All of the following fall under Pricing decisions EXCEPT:

Select correct option:

Discounts

Credit terms

Markups

**Dealer relations**

Question # 14 of 15 ( Start time: 09:34:32 PM ) Total Marks: 1

According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?

Select correct option:

I

II

III

**IV**

Question # 15 of 15 ( Start time: 09:35:00 PM ) Total Marks: 1

All of the following are functional support roles of Management Information System EXCEPT:

Select correct option:

Recording and storing accounting records

Recording and storing inventory data

Recording and storing business intelligence data

**The enhanced ability to explore "what if"**

Question # 1 of 15 ( Start time: 11:22:48 PM ) Total Marks: 1

In BCG growth-share matrix, which of the following would be most likely to possess a low market share and a high growth rate?

Select correct option:

Dog

**Question mark**

Cash cow

Star

Question # 2 of 15 ( Start time: 11:23:42 PM ) Total Marks: 1

Which one of the following strategies is referred as presenting products, often with a little or no modification, to customers in related marketing areas?

Select correct option:

**Market development**

Market penetration

Horizontal integration

Product development

Question # 3 of 15 ( Start time: 11:24:47 PM ) Total Marks: 1

Which of the following was NOT included in Borden's marketing mix?

Select correct option:

Product planning

Display

**Styling**

Physical handling

Question # 4 of 15 ( Start time: 11:25:58 PM ) Total Marks: 1

Product development involves going in the direction of which one of the following?

Select correct option:

Present products to present markets

Present products to new markets

**New products to present markets**

New products to new markets

Question # 5 of 15 ( Start time: 11:26:28 PM ) Total Marks: 1

Which of the following statements is NOT correct about a mission statement?

Select correct option:

It contains the definition of the company's business

**It is called the picture of a company's future.**

It is a statement containing the company's major goals

It is known as statement of the corporate philosophy

Question # 6 of 15 ( Start time: 11:27:00 PM ) Total Marks: 1

Which of the following directs at developing new products before competitors do at improving product quality or at improving manufacturing processes to reduce costs?

Select correct option:

Marketing

Opportunity analysis

### **Research and development**

Management

Question # 7 of 15 ( Start time: 11:27:57 PM ) Total Marks: 1

The reason to develop QSPM is to evaluate the alternative strategies derived from all of these EXCEPT:

Select correct option:

Grand Strategy Matrix

BCG Matrix

Space Matrix

**CPM Matrix**

Question # 8 of 15 ( Start time: 11:28:11 PM ) Total Marks: 1

Which of these strategies is effective when the number of suppliers is small and the number of competitors is large?

Select correct option:

Conglomerate diversification

Forward integration

**Backward integration**

Horizontal diversification

Question # 9 of 15 ( Start time: 11:28:56 PM ) Total Marks: 1

The process of monitoring performance, comparing it with goals, and correcting any significant deviations is known as:

Select correct option:

Planning

Organizing

Leading

**Controlling**

Question # 10 of 15 ( Start time: 11:29:08 PM ) Total Marks: 1

Defensive strategies include all of the following EXCEPT:

Select correct option:

Retrenchment

**Acquisition**

Divestiture

Liquidation

Question # 11 of 15 ( Start time: 11:29:34 PM ) Total Marks: 1

In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:



SO Strategy

**WO Strategy**

SW Strategy

ST Strategy

Question # 12 of 15 ( Start time: 11:30:10 PM ) Total Marks: 1

Identify the term that is known as a “mean of providing guidance to actions and procedures, including how resources are to be allocated and how tasks assigned to the organization might be accomplished”.

Select correct option:

Aspirations

Objectives

**Policies**

Goals

Question # 13 of 15 ( Start time: 11:31:19 PM ) Total Marks: 1

Which one of the following is NOT a SMART criterion?

Select correct option:

Measurable

**Strategy**

Achievable

Relevant

Question # 14 of 15 ( Start time: 11:31:29 PM ) Total Marks: 1

Which of the following is the last step in the development of QSPM?

Select correct option:

Developing a list of the firm’s key external and internal factors

Determining the Attractiveness Scores for each strategy

**Compute the Sum Total Attractiveness Score**

Assigning weights to each key external and internal factor

Question # 15 of 15 ( Start time: 11:32:45 PM ) Total Marks: 1

Which of the following categories of ratios includes return on total assets and return on stockholders’ equity as its types?

Select correct option:

**Profitability**

Leverage

Growth

Liquidity

Question # 1 of 15 ( Start time: 11:46:29 PM ) Total Marks: 1

In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their

products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

SO Strategy

**WO Strategy**

SW Strategy

ST Strategy

Question # 2 of 15 ( Start time: 11:46:50 PM ) Total Marks: 1

Which of the following refers to Kanban?

Select correct option:

Manufacturing system

Production unit

**Signals**

Process

Question # 3 of 15 ( Start time: 11:47:40 PM ) Total Marks: 1

Buyers can exercise high bargaining power over their suppliers under which one of the following conditions?

Select correct option:

When there are many good substitutes of raw material

**There are few buyers in the market**

They have few suppliers to choose from

There is a high concentration of suppliers

Question # 4 of 15 ( Start time: 11:49:04 PM ) Total Marks: 1

Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture

Divestiture

**Liquidation**

Integration

Question # 5 of 15 ( Start time: 11:49:36 PM ) Total Marks: 1

The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

Select correct option:

Financial budget

Relative importance of departments

**On political or personal factors**

Relative cost of each resources

Question # 6 of 15 ( Start time: 11:50:18 PM ) Total Marks: 1

Where an organization is considering development in an existing market with existing products it is pursuing which of the following strategy?

Select correct option:

Diversification

Market development

**Market penetration**

Product development

Question # 7 of 15 ( Start time: 11:50:49 PM ) Total Marks: 1

Non-financial benefits of strategic management includes all of the following EXCEPT:

Select correct option:

Better awareness of external threats

Enhanced awareness of threats

Reduced resistance to change

**Increase in sales**

Question # 8 of 15 ( Start time: 11:51:29 PM ) Total Marks: 1

Which of the following are two positive-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

CA and ES

**FS and IS**

IS and ES

Question # 9 of 15 ( Start time: 11:52:06 PM ) Total Marks: 1

Marketing decisions generally fall into four controllable categories. Which one of the following is NOT one of marketing decisions category?

Select correct option:

Product

**Process**

Distribution

Promotion

Question # 10 of 15 ( Start time: 11:52:22 PM ) Total Marks: 1

A firm that is involved in two or more distinct businesses is known as:

Select correct option:

**A diversified company**

A ventured company

A restructured company

A multinational corporation

Question # 11 of 15 ( Start time: 11:53:37 PM ) Total Marks: 1

Which one of the following is the organizational structure that most of the medium-size

organizations follow?  
Select correct option:

**Divisional structure**

Strategic business unit  
Functional structure  
Matrix structure

Question # 12 of 15 ( Start time: 11:53:53 PM ) Total Marks: 1

The total weighted score of IFE matrix developed for XYZ corporation is 3.5. Which of the following statement is TRUE about XYZ Corporation in the light of IFE matrix total weighted score?

Select correct option:

Corporation has strong external position

Corporation has weak internal position

**Corporation has strong internal position**

Corporation has weak external position

Question # 13 of 15 ( Start time: 11:55:13 PM ) Total Marks: 1

Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?

Select correct option:

Economic forces

Social, cultural and, demographic forces

**Political, governmental, and legal forces**

Competitive forces

Question # 14 of 15 ( Start time: 11:55:58 PM ) Total Marks: 1

BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?

Select correct option:

Market share and industry strength

**Market share and market growth rate**

Market growth rate and competitive position

Market growth rate and environment stability

Question # 15 of 15 ( Start time: 11:57:20 PM ) Total Marks: 1

Ethnic balance is affected due to which of the following?

Select correct option:

Change in ethnic values

Awareness of ethnic norms

**Migration of the people towards different areas**

Introduction of new laws relating to ethnicity

1. Which of the following strategy should be perused first by the Irtiza Insurance Company as it is located in Quadrant III of the Grand Strategy Matrix?

Select correct option:

Diversification

Liquidation

**Retrenchment**

Divestiture

2. Which one of the following is the characteristic of Question marks?

Select correct option:

Excess cash generation

**Low cash generation**

Opportunities for growth

No-market-growth industry

3. Which of the following are two negative-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

**CA and ES**

FS and IS

IS and ES

4. What is the first step in the comprehensive strategic-management model?

Select correct option:

Performing external audits

**Developing vision and mission statements**

Performing internal audits

Measuring and evaluating performance

5. Identify the stages of strategic management process in a precise sequence.

Select correct option:

Strategy evaluation, strategy formulation & strategy implementation

Strategy evaluation, strategy implementation & strategy formulation

**Strategy formulation, strategy implementation & strategy evaluation**

Strategy implementation, strategy evaluation & strategy formulation

6. Which approach for managing and resolving conflict involves playing down differences between conflicting parties while stressing on similarities and common interests?

Select correct option:

Avoidance

Compliance

**Diffusion**

Confrontation

7. Which one of the following is the organizational structure that most of the medium-size organizations follow?

Select correct option:

**Divisional structure**

Strategic business unit

Functional structure

Matrix structure

8. **Intuition** is based on all of the following factors EXCEPT:

Select correct option:

Past experiences

Judgments

**Uncertainties**

Feelings

9. A & Ammar is the sole manufacturer of leather goods in Pakistan. Government has lowered the tax rates for this industry keeping in view of promoting other new firms to enter this industry. Lowering the tax rates of this industry will confront A & Ammar with which of the following?

Select correct option:

Strength

Weakness

Opportunity

**Threat**

10. ABC company is competing in an industry where the growth rate of that industry from year to year has reached or is close to zero, ABC is operating in which industry?

Select correct option:

Growing industry

Emerging industry

**Mature industry**

Declining industry

11. Matching stage of the strategy formulation framework comprises of formulating which of the following set of strategies?

Select correct option:

BCG, SPACE and QSPM Matrix

**BCG, SPACE and TOWS Matrix**

SPACE, TOWS and IFE Matrix  
BCG, SPACE and EFE Matrix

12. All of the following would represent possible threats to the ABC Company EXCEPT which one of the following?

Select correct option:

Entrance of new competitors

**improved buyer or supplier relationships**

New or revised regulations

Slow industry/market growth

13. Which of the following is the best example for achieving long-term objectives?

Select correct option:

Strengths

**Strategies**

Policies

Opportunities

14. What is NOT a major benefit of having a diverse workforce?

Select correct option:

Improvement of the bottom line

**An increase in training costs**

An increase in productivity

A decrease in complaints

15. You are asked to prepare the IE Matrix of Roxon Incorporation. Your findings reveal that its Southern division falls in IX cell of IE Matrix. How will you interpret your findings?

Select correct option:

**It can be managed best with Harvest or divest strategies**

It can be managed best with Grow and Build strategies

It can be managed best with Grow and Maintain strategies

It can be managed best with Hold and Maintain strategies

16. Which of the following is the highest possible weighted score for the organization in IFE matrix?

Select correct option:

1.0

1.5

2.5

**4.0**

17. Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?

Select correct option:

Economic forces

Social, cultural and, demographic forces

**Political, governmental, and legal forces**

Competitive forces

18. According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?

Select correct option:

I

II

III

**IV**

19. Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture

Divestiture

**Liquidation**

Integration

20. Research and development activity performed by R & D department of AZD company resulted in the introducing a telecommunications system in a foreign country. This R & D activity is referred as:

Select correct option:

Concentric diversification

**Market development**

Market penetration

Product development

21 Which analytical tool consists of a nine-cell matrix?

Select correct option:

Competitive Profile Matrix

SPACE Matrix

Grand Strategy Matrix

**Internal-External Matrix**

22 What is the most widely used technique for determining the best combination of debt and stock?

Select correct option:

**Earnings per share**

Return on stockholders' equity



Debt-to-equity ratio  
Capital budgeting

23. Which of the following is NOT a component of external environment analysis?  
Select correct option:

Customer satisfaction feedback  
Global impacts  
**Legal issues within the industry**  
Competitive position of rival companies

24. Which of the following groups represents the stakeholders of a company?  
Select correct option:

The owners of the company  
The people who purchases the shares of the company  
**The people who have a special stake or claim on the company**  
Are the people who are in the management a company

25. All of the specified approaches could be used to determine R&D budget allocation EXCEPT:  
Select correct option:

Financing as many projects as possible  
Using percentage-of-sales method  
**Budgeting irrelative to competitors**  
Deciding how many successful new products are needed

26. Which of the following statement is referred to 'Price fluctuation'?  
Select correct option:

Decrease in prices  
Increase in prices  
Fluctuation in the prices of a particular commodity  
**Fluctuation in general price level**

27. "A Good mission statement identifies the utility of a firm's products to its customers"; which of the following represents this statement?  
Select correct option:

Organization's philosophy  
**Customer orientation**  
Social policy  
Declaration of attitude

28. Which of the following is NOT a Corporate level objective?  
Select correct option:

Achieving return on investment of at least 15%

**Aiming to achieve a market share of 10%**

Attaining operating profit of over Rs.10 million

Increase earnings per share by at least 10% every year

29. All of these are pitfalls an organization should avoid in strategic planning EXCEPT:  
Select correct option:

**Using plans as a standard for measuring performance.**

Using strategic planning to gain control over decisions and resources

Failing to involve key employees in all phases of planning

Being so formal in planning that flexibility and creativity are stifled

30. All of the following would be considered as opportunities for a business, EXCEPT:  
Select correct option:

Removal of international trade barriers

Emergence of unfulfilled customer need

**Emergence of substitute products**

loosening of regulations

31. Which one of the following is NOT a basic mission of a competitive intelligence program?  
Select correct option:

To provide a general understanding of an industry

To provide a general understanding of a company's competitors

**To identify industry executives who could be hired by the firm**

To identify potential moves a competitor might make that would endanger a firm

32. Which stage of the "Strategy Formulation Framework" includes an External Factor Evaluation Matrix and a Competitive Profile Matrix?  
Select correct option:

**Input stage**

Output stage

Matching stage

Decision stage

33. Which one of the following best describes the Rumelt's criterion "Consonance"?  
Select correct option:

Strategy should not present inconsistent goals and policies

**It refers to the need for strategies to examine sets of trends**

Strategy should neither overtaxes resources nor creates unsolvable sub problems

Strategy should provide the reaction or maintenance of competitive advantage

34. In adapting to change an organization must monitor which of the following?  
Select correct option:

Ongoing processes  
Internal and external events  
Timely changes

**All of the given options**

35. All of the following are the key opportunities or threats in external environment because of Political, Govt. & Legal force EXCEPT:

Select correct option:

Tax rates

**Trust in government**

Pak-India relationships

Patent laws

36. Question # 16 of 20 ( Start time: 01:50:46 PM ) Total Marks: 1

At least how many R & D approaches are used for the implementation of strategy?

Select correct option:

Two

Three

**Four**

Five

37. Exclusive access to high grade natural resources is an example of which of the following?

Select correct option:

**Strength**

Weakness

Opportunity

Threat

38. To whom a planning horizon of two to five years applies?

Select correct option:

**Top management**

Middle management

Lower management

All levels

39. All of the following are examples of marketing decisions that require policies EXCEPT:

Select correct option:

**To be a market leader or follower**

Whether to advertise online or not

Either to offer a complete or limited warranty

To use billboards for outdoor advertising

40. If market shares of competitors are declining whereas total industry sales are increasing, which strategy do you think may be the right one to pursue?

Select correct option:

Divestiture

**Market Penetration**

Market Development

Retrenchment

41. If market shares of competitors are declining whereas total industry sales are increasing, which strategy do you think may be the right one to pursue?

Select correct option:

Divestiture

**Market Penetration**

Market Development

Retrenchment

42. What is a central strategy-implementation technique that allows an organization to examine the expected results of various actions and approaches?

Select correct option:

Financial budgeting

TOWS analysis

**Projected financial statement**

External analysis

43. Which of the following is NOT a SPACE Matrix quadrant?

Select correct option:

Aggressive

Defensive

Competitive

**Offensive**

44. Identify the term that is known as a “mean of providing guidance to actions and procedures, including how resources are to be allocated and how tasks assigned to the organization might be accomplished”.

Select correct option:

Aspirations

Objectives

**Policies**

Goals

45. All of the following fall under the category of "Process" function of production management EXCEPT:

Select correct option:

Choice of technology

**Quality assurance**

Process flow analysis

Transportation analysis

46. Adding new but unrelated products or services for appealing present customers is known as:

Select correct option:

Forward integration

Backward integration

**Conglomerate diversification**

Horizontal diversification

47. What is the systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services?

Select correct option:

Management

Planning

**Marketing Research**

Market segmentation

48. Which category of ratios measures "how effectively a firm can maintain its economic position in the growth of the economy and industry"?

Select correct option:

Liquidity

Leverage

Activity

**Growth**

49. A & Ammar is the sole manufacturer of leather goods in Pakistan. Government has lowered the tax rates for this industry keeping in view of promoting other new firms to enter this industry. Lowering the tax rates of this industry will confront A & Ammar with which of the following?

Select correct option:

Strength

Weakness

Opportunity

**Threat**

50. Which of the following is NOT a SPACE Matrix quadrant?

Select correct option:

- Aggressive
- Defensive
- Competitive
- Offensive**

51. Which organizational structure has ambiguous roles for senior executives as a major disadvantage?

Select correct option:

- Strategic business unit**
- Functional structure
- Divisional structure
- Matrix structure

52. Which of the following refers to Kanban?

Select correct option:

- Manufacturing system
- Production unit
- Signals**
- Process

53. Which stage of the strategy-formulation framework consists of the Quantitative Strategic Planning Matrix?

Select correct option:

- Formulation framework
- Matching stage
- Decision stage**
- All of the given options

54. Which of the following statement is NOT true about Employee stock ownership plan?

Select correct option:

- These corporations are owned in whole or in part by their employees
- Their employees can buy shares at any time or after a certain length of employment
- Their shares are traded on public stock market**
- The profits of these corporations are shared with their employees

55. The external environmental trends and events that could significantly harm an organization in the future may be known as:

Select correct option:

- Strengths

Weaknesses  
Opportunities  
**Threats**

56. Din Mohammad, a farmer sells his crops at the local market rather than to a distribution center. This action of Din Mohammad comes under which of the following?  
Select correct option:

**Backward integration**  
Product development  
Forward integration  
Horizontal integration

57. What can be the limitation of QSPM?  
Select correct option:

Only a few strategies can be evaluated simultaneously.  
The cost of doing the analysis is very high.  
**Intuitive judgments and educated assumption are required.**  
It requires equal participation of everyone in organization.

58. Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:  
Select correct option:

Distribution efficiency  
Production efficiency  
**New investments**

Product innovation  
59. Which of these is not one of the tests used to determine whether a performance-pay plan will benefit an organization?  
Select correct option:

Do employees understand the plan?  
Is the plan improving communications?  
Does the plan pay out when it should?  
**Does the plan reduce management layers?**

60. Which one of the following strategies is referred as presenting products, often with a little or no modification, to customers in related marketing areas?  
Select correct option:

Market development  
**Market penetration**  
Horizontal integration  
Product development

61. Just in Time (JIT) system can be defined as:  
Select correct option:

Implementing strategies just before bankruptcy

**Delivering materials just as they are needed**

A scheduling method for meetings

A process for improving quality of products

62. All of the following would be considered as weaknesses to a business EXCEPT:  
Select correct option:

Maturing markets

Limited industry expertise

**Brand name**

Limited financial resources

63. All of the following are examples of marketing decisions that require policies EXCEPT:

Select correct option:

**To be a market leader or follower**

Whether to advertise online or not

Either to offer a complete or limited warranty

To use billboards for outdoor advertising

64. What is the product of weights and attractiveness scores for each strategy in QSPM?  
Select correct option:

Sum total attractiveness scores

**Total attractiveness scores**

Weighted scores

Total weighted scores

65. Which organizational structure has ambiguous roles for senior executives as a major disadvantage?

Select correct option:

**Strategic business unit**

Functional structure

Divisional structure

Matrix structure

66. Availability of existing substitute products can increase which of the following?  
Select correct option:

**The bargaining power of customers**

The bargaining power of suppliers



The threat of new entrants  
The threat of substitute products

67. Which of the following is a deliberate plan of action, guidelines, methods, procedures to guide decisions and achieve rational outcome?

Select correct option:

Annual objectives

Strategies

**Policies**

Goals

68. The organizations that conduct business operations across national borders are known as which of the following?

Select correct option:

Domestic firms

**Multinational corporations**

Parent companies

Franchises

69. Which one of the following is NOT a key external force?

Select correct option:

Social responsibility

Ozone reduction

**Company management**

Energy conservation

70. Which stage of the strategy-formulation framework focuses on generating feasible alternative strategies?

Select correct option:

Input

Output

Decision

**Matching**

71. "A Good mission statement identifies the utility of a firm's products to its customers"; which of the following represents this statement?

Select correct option:

Organization's philosophy

**Customer orientation**

Social policy

Declaration of attitude

72. Which of the following refers to the belief related to objectives setting that "the true

measure of a really good strategist is the ability to solve problems"?

Select correct option:

Managing by objectives

Managing by extrapolation

**Managing by crisis**

Managing by subjectives

73. All of the following would be considered organizational skills and resources that will be used in differentiation strategy EXCEPT which one?

Select correct option:

Strong research and development department

**Products designed for ease of manufacture**

Corporate reputation for quality and reliability

Creative, talented and skilled personnel

74. Which approach for managing and resolving conflict involves physical separating the conflicting individuals?

Select correct option:

**Avoidance**

Compliance

Diffusion

Confrontation

75. All of the specified approaches could be used to determine R&D budget allocation EXCEPT:

Select correct option:

Financing as many projects as possible

Using percentage-of-sales method

**Budgeting irrelative to competitors**

Deciding how many successful new products are needed

76. Retrenchment strategy should be followed by which one of the following firms?

Select correct option:

**Firm with its SPACE matrix vector in defensive quadrant**

Firm with its SPACE matrix vector in aggressive quadrant

Firm with its SPACE matrix vector in conservative quadrant

Firm with its SPACE matrix vector in competitive quadrant

77. What is the purpose of strategy evaluation?

Select correct option:

Increase the budget annually

**Alert management of problems**

Make budget changes  
Evaluate employees' performance

78. Research and development activity performed by R & D department of AZD company resulted in the introducing a telecommunications system in a foreign country. This R & D activity is referred as:  
Select correct option:

Concentric diversification  
**Market development**  
Market penetration  
Product development

79. All of the following would be considered as opportunities for a business, EXCEPT:  
Select correct option:

Removal of international trade barriers  
Emergence of unfulfilled customer need  
**Emergence of substitute products**  
Loosening of regulations

80. A & C Corporation currently possesses a low share of its available market. Moreover, this company's portfolio reveals it has extremely low market growth. A & C Corporation is most likely to be classed as which one of the following?  
Select correct option:

**Dog**  
Question mark  
Star  
Cash cow

81. Which statements best represents 'Restructuring'?  
Select correct option:

Radical redesign of an organization's process  
An agreement between two or more firms  
**Personnel downsizing and asset revaluation**  
Combination of two or more companies

82. Restructuring is also known as:  
Select correct option:

Up-sizing  
**Delayering**  
Diversifying  
Integrating

83. Exclusive access to high grade natural resources is an example of which of the following?

Select correct option:

**Strength**

Weakness

Opportunity

Threat

84. Identify the stages of strategic management process in a precise sequence.

Select correct option:

Strategy evaluation, strategy formulation & strategy implementation

Strategy evaluation, strategy implementation & strategy formulation

**Strategy formulation, strategy implementation & strategy evaluation**

Strategy implementation, strategy evaluation & strategy formulation

85. Which of the following statement is NOT correct about Just in Time?

Select correct option:

It reduces the in-process inventory

It is driven by a series of signals, or Kanban

**Re-order level is determined by existing demand**

New stock is ordered when stock reaches the re-order level

86. Which of the following are two negative-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

**CA and ES**

FS and IS

IS and ES

87. Which of the following is a Corporate level objective?

Select correct option:

Getting 75% customer awareness of company's brand in target markets

**Increasing earnings per share by at least 10%**

Building customer database of at least 250,000 companies

Achieving a 10% share of International market

88. When an industry relies heavily on government contracts, which of the following is important for the firm to foresee as a part of its external audit?

Select correct option:

Economic forces

**Political forces**

Technological forces  
Competitive forces

89. Strategies that are designed to appeal customers with a special sensitivity for a particular product attribute are dependent on which of the following?

Select correct option:

**Differentiation strategy**

Focus strategy

Niche strategy

Low cost strategy

90. What term refers to selling a division of an organization?

Select correct option:

Joint venture

**Divestiture**

Liquidation

Horizontal integration

91. All of the following tasks are performed by R&D employees and managers

EXCEPT:

Select correct option:

Transferring complex technology

Adapting processes to local markets

Adjusting process to local raw materials

**Make sure the availability of resource**

92. In the SPACE analysis, what does (+7, -6) coordinates depict?

Select correct option:

**A firm operating in a strong industry with an unstable environment**

A firm operating in a strong industry with a stable environment

A highly competitive firm operating in an unstable environment

A financially strong firm operating in an unstable environment

93. Market segmentation is especially used in implementing strategies by which of the following firms?

Select correct option:

**Small firms**

Medium-size firms

Large firms

**All of these firms**

94. Which of the following is the first step in the controlling function of management?

Select correct option:

Take corrective actions  
Restrict breaks employees take  
Evaluate expense reports

**Establish performance standards**

96. Which of the following ties all business functions together and provides the basis for all managerial decisions?

Select correct option:

Marketing

**Information**

Technology

Workforce

97. Which pay strategy is not a form of incentive compensation?

Select correct option:

Bonus

**Hourly wage**

Gain sharing

Profit sharing

98. Buyer switching costs is an important factor for which of the following forces?

Select correct option:

The intensity of competitive rivalry

The bargaining power of suppliers

The threat of new entrants

**The threat of substitute products**

99. Which one of the following statements best describes the sign of weakness of a company's competitive position?

Select correct option:

An after-tax return-on-equity below 15% and earnings per share less than \$1.00.

A higher cost of production and higher prices of products than the rivals.

**A declining market share, below standard quality products and fewer sales in market.**

Lower revenues and increasing cost of inputs than the market-share leader.

100. Which of the following immediately precedes the decision regarding organizational structure?

Select correct option:

External environment analysis

Internal environment analysis

### **Strategy formulation**

Mission statement formulation

101. A strategy involving major business modification usually associated with personnel downsizing and selling the part of company for the purpose of getting effectiveness at maximum is known as:

Select correct option:

**Restructuring**

Re-engineering

Downsizing

Divestiture

102. When an industry relies heavily on government contracts, which of the following is important for the firm to foresee as a part of its external audit?

Select correct option:

Economic forces

**Political forces**

Technological forces

Competitive forces

103. In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

SO Strategy

WO Strategy

SW Strategy

**ST Strategy**

104. Question # 4 of 20 ( Start time: 10:07:45 PM ) Total Marks: 1

Which of the following is NOT one of the major approaches to R&D?

Select correct option:

To be the first firm to market new technological products

To be an innovative imitator of successful products

To be a low-cost producer by mass-producing products

**To be a differentiated products manufacturer in industry**

105. What is a Just In Time (JIT)?

Select correct option:

**Inventory management system**

Human resource management system

Sales management system

Financial management system

106. Strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions which is usually done by all of the following

EXCEPT:

Select correct option:

Chairman of the company

Board of directors

Chief executive officer

**Marketing officer**

107. Long-term objectives are needed at which level(s) of the organization?

Select correct option:

Corporate level

Divisional level

Functional level

**All of the given options**

108. What is the most widely used technique for determining the best combination of debt and stock?

Select correct option:

**Earnings per share**

Return on stockholders' equity

Debt-to-equity ratio

Capital budgeting

109. If technology is changing rapidly and the market is growing slowly then what decision the firm should take regarding R & D?

Select correct option:

In-house R&D is the preferred solution

Acquisition of a well-established firm in the industry

**A major effort in R&D may be very risky**

Obtain R&D expertise on a nonexclusive basis

110. Effective mission statements don't have one of the following features:

Select correct option:

Generate range of feasible strategic alternatives

Reconcile interests among diverse stakeholders

**What does the firm want to become**

Provide criteria for selecting strategies

111. Which of the following depicts the signs of strength of a company's competitive position?

Select correct option:

A debt-to-asset ratio below 0.50 and higher EPS.

A website with extensive information about the company and its product line.

An annual R&D and advertising expenditures greater than \$10 million.

**A strongly differentiated product, a strong or rising market share.**

112. All of the following are the key opportunities or threats in external environment because of Political, Govt. & I Legal force EXCEPT:

Select correct option:

Tax rates



**Trust in government**

Pak-India relationships

Patent laws

113. According to Freund, Which one of the following should NOT be the characteristics of key external factors?

Select correct option:

Measurable

**Relatively few in number**

Applicable to all competing firms

Important to achieve long-term objectives

114. Which of the following environment includes all those factors which affect the organization and itself affected by the organization?

Select correct option:

External environment

Social environment

**Task environment**

Internal environment

115. Financial benefits of strategic management includes all of the following EXCEPT:

Select correct option:

Progression in profitability

**Improvement in employee productivity**

Expansion in the sales of business

Enhancement in productivity

116. IE Matrix consists of how many cells?

Select correct option:

Seven

Eight

**Nine**

Ten

116. Which of the following can be considered one of the factors of external opportunities and threats of an organization?

Select correct option:

Production/ operations

Research & development

**Competitive trends**

Management information system

117. Which of the following refers to determining the best capital structure for the company?

Select correct option:

Restructuring decisions

**Financing decisions**

Strategic decision

Investment decision

118. Which category of ratios measures “how effectively a firm can maintain its economic position in the growth of the economy and industry”?

Select correct option:

Liquidity

Leverage

Activity

**Growth**

119. Which of the following is best identified as a statement that presents “a firm's big picture statement, describing a desired end-state, general in scope, and not restrictive”?

Select correct option:

Corporate philosophy statement

Company creed

**Vision statement**

Mission statement

120. A strategy involving major business modification usually associated with personnel downsizing and selling the part of company for the purpose of getting effectiveness at maximum is known as:

Select correct option:

**Restructuring**

Re-engineering

Downsizing

Divestiture

121. External assessment is performed in which of the following strategic-management phase?

► **Strategy formulation stage**

► Strategy implementation stage

► Strategy evaluation stage

► All of the given options

122. Which of the following can reveal the demographic characteristics of an organization's customers?

Select correct option:

**Customer profiling**

Test marketing

Market development

The vision statement

123. Which of the following is best identified as being an adaptation of the divisional structure?

Select correct option:

Vertical Integration

**Strategic business units**

Joint venture  
None of the given options

124. Strategy formulation stage includes all of the following EXCEPT:  
Select correct option:

Vision and mission  
Strength and weakness  
Opportunities and threats  
**Annual objectives**

125. All of the following would be considered as weaknesses to a business EXCEPT:  
Select correct option:

Maturing markets  
Limited industry expertise  
**Brand name**  
Limited financial resources

126. Which of the following ties all business functions together and provides the basis for all managerial decisions?  
Select correct option:

Marketing  
**Information**  
Technology  
Workforce

127. Which category of ratios measures a firm's ability to meet maturing short-term obligations?  
Select correct option:

Profitability  
Leverage  
**Liquidity**  
Activity

128. The in-house R & D is a preferred solution in which of the following situation:  
Select correct option:

**Technological progress is slow and market growth is moderate**  
Technology is changing rapidly and market is growing slowly  
If technology is changing slowly and market is growing quickly  
If both, technological progress and market growth rate are fast

129. Which management function includes breaking tasks into jobs, combining jobs to form departments and delegating authority?  
Select correct option:

Motivating  
Staffing  
**Organizing**  
Planning

130. IE matrix is based on which dimensions?  
Select correct option:

Market share and industry growth  
Financial strength and industry strength  
**Weighed scores of IFE and EFE matrices**  
Market growth and competitive position

131. Local, state, and national elections, world oil, currency, and labor markets, number of patents, special tariffs are the examples of which one of the following?  
Select correct option:

Economic forces  
Social, cultural and, demographic forces  
**Political, governmental, and legal forces**  
Competitive forces

132. What is the appropriate time frame for Strategy-evaluation activities?  
Select correct option:

At the beginning of a problem  
**On a continuous basis**  
Upon completion of major projects  
After the close of financial year

133. Which one of the followings best describes this statement; “The conditions that a company must satisfy in order to be able to enter an industry”?  
Select correct option:

Economies of scale  
**Barriers to entry**  
Differentiation  
Competitive environment

134. Which of the following is a limitation of financial budgets?  
Select correct option:

Quarterly or other periodic reforecast are not possible  
Over budgeting or under budgeting do not cause problems  
**Financial budgets can become a substitute for objectives**  
Budgets reveal inefficiencies if based solely on precedent

135. All of the following are the managerial issues for managing natural environment EXCEPT:

Select correct option:

Global warming- depletion of rain forests

**Employee understanding about environment**

Developing biodegradable products and packages

Waste management to clean air and water

136. Which of the following refers to Kanban?

Select correct option:

Manufacturing system

Production unit

**Signals**

Process

137. The organizations that conduct business operations across national borders are known as which of the following?

Select correct option:

Domestic firms

**Multinational corporations**

Parent companies

Franchises

138. Which strategy is appropriate when an organization competes in an industry characterized by rapid technological developments?

Select correct option:

Retrenchment

**Product development**

Liquidation

Market penetration

139. Which one of the following strategies is referred as presenting products, often with a little or no modification, to customers in related marketing areas?

Select correct option:

Market development

**Market penetration**

Horizontal integration

Product development

140. Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?

Select correct option:

Does the firm have an effective sales organization?

Are markets segmented effectively?

Are the firm's products and services priced appropriately?

**Does the firm have good liquidity?**

145. Which of the followings best describes the Horizontal integration?

Select correct option:

A firm takes over a supplier

A firm takes over a distributor

**A firm takes over a competitor**

A firm takes over a manufacturer

146. Strategist is an individual who is involved in the strategic management process, thus may be known as:

Select correct option:

Member board of director

**President**

Division manager

All of the given options

147. BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?

Select correct option:

Market share and industry strength

**Market share and market growth rate**

Market growth rate and competitive position

Market growth rate and environment stability

148. According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?

Select correct option:

I

II

III

**IV**

149. All of the following are the key questions that can reveal internal strengths and weaknesses in the management department EXCEPT:

Select correct option:

Is the organization's structure appropriate?

Are reward and control mechanisms effective?

**Are the organization's products positioned well?**

Does the firm use strategic management concepts?

150. Which one of the following is the most dramatic new market segmentation strategy?

Select correct option:

Targeting on Geographic variables

**Targeting of regional tastes**

Targeting on Behavioral variables

Targeting on gender and age

151. Which group would be classified as a stakeholder?

Select correct option:

Communities

Banks

**Suppliers**

All of the given options

152. What is the appropriate time frame for Strategy-evaluation activities?

Select correct option:

At the beginning of a problem

**On a continuous basis**

Upon completion of major projects

After the close of financial year

153. Which of the following is the process of influencing people to accomplish specific objectives?

Select correct option:

Staffing

**Motivating**

Controlling

Organizing

154. Which approach for managing and resolving conflict involves playing down differences between conflicting parties while stressing on similarities and common interests?

Select correct option:

Avoidance

Compliance

**Diffusion**

Confrontation

155. Integration strategies are sometimes collectively referred to as which of these strategies?

Select correct option:

Horizontal integration

Forward integration

Hierarchical integration

**Vertical integration**

156. Which of the following is one of the Political, Governmental & legal factors?

Select correct option:

Ethical concerns

Traffic congestion

**Lobbying activities**

Average level of education

157. In order to avoid the emergence of substitute products, AF & Z Corporation has obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

Select correct option:

SO Strategy

WO Strategy

SW Strategy

**ST Strategy**

**158.** Where usage rate of present customers of the company can be increased significantly and the current markets are not saturated, which strategy would be effective for the company to follow?

Select correct option:

**Market Penetration**

Product Development

Market Development

Retrenchment

**159.** Which one of the following statements best describes the sign of weakness of a company's competitive position?

Select correct option:

An after-tax return-on-equity below 15% and earnings per share less than \$1.00.

A higher cost of production and higher prices of products than the rivals.

**A declining market share, below standard quality products and fewer sales in market.**

Lower revenues and increasing cost of inputs than the market-share leader.

**160.** All of the following are included in the five functions of the management process EXCEPT:

Select correct option:

Planning

Organizing

Leading

**Delegating**

**161.** Strategy formulation techniques can be integrated into how many stages of decision making framework?

Select correct option:

Two

**Three**

Four

Five

**162.** The SMART goal criteria 'Relevant' suggests which one of the following?

Select correct option:

Are you able to assess your progress?

Do you know exactly what you want to accomplish?

**Is your goal relevant towards your purpose in life?**

What is the deadline for completing your goal?

**163.** Which of the following was NOT included in Borden's marketing mix?

Select correct option:

Product planning

Display



### **Styling**

Physical handling

164. All of the following are the steps for the development of IE matrix EXCEPT:

Select correct option:

Plot IFE total weighted scores on the x-axis

Plot EFE total weighted scores on the y axis

Determine the region into which the division falls

**Determine the quadrant where position vector lies**

165. Defensive strategies include all of the following EXCEPT:

Select correct option:

Retrenchment

**Acquisition**

Divestiture

Liquidation

166. The inventory is viewed as which of the following in Just In Time Inventory system:

Select correct option:

**Incurring costs**

Adding value

Disburse expense

None of the above options

167. The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

Select correct option:

Financial budget

Relative importance of departments

**On political or personal factors**

Relative cost of each resources

168. The total weighted score of IFE matrix developed for XYZ corporation is 3.5.

Which of the following statement is TRUE about XYZ Corporation in the light of IFE matrix total weighted score?

Select correct option:

Corporation has strong external position

Corporation has weak internal position

**Corporation has strong internal position**

Corporation has weak external position

169. Which of the following is a way on the basis of which divisional structure can NOT be organized?

Select correct option:

By geographic area

By product or service

By customer

**By technology**

170. Reasons due to which some firms do “No Strategic Planning” incorporate all of the following EXCEPT:

Select correct option:

Wastage of time

Fire-fighting

Content with success

**Privileged reward structures**

171. The effort made by a firm in R & D may be risky in which of the following situation:

Select correct option:

Technological progress is slow and market growth is moderate

**Technology is changing rapidly and market is growing slowly**

If technology is changing slowly and market is growing quickly

If both, technological progress and market growth rate are fast

172. What is NOT a major benefit of having a diverse workforce?

Select correct option:

Improvement of the bottom line

**An increase in training costs**

An increase in productivity

A decrease in complaints

173. Which one of the following is the organizational structure that most of the medium-size organizations follow?

Select correct option:

**Divisional structure**

Strategic business unit

Functional structure

Matrix structure

174. Smoothies Tire & Rubber Co. is selling its North American tire business to Avinza International, is an example of which type of strategy?

Select correct option:

Related diversification

Retrenchment

**Divestiture**

Liquidation

175. Which of the following period strategic management was considered to be cure for all problems?

Select correct option:

Mid 1950s to mid 1960s

**Mid 1960s to mid 1970s**

Mid 1970s to mid 1980s

Mid 1980s to mid 1990s

176. Which of the following immediately precedes the decision regarding organizational structure?

Select correct option:

External environment analysis

Internal environment analysis

**Strategy formulation**

Mission statement formulation

177. Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?

Select correct option:

Does the firm have an effective sales organization?  
Are markets segmented effectively?  
Are the firm's products and services priced appropriately?

**Does the firm have good liquidity?**

Question # 1 of 20 ( Start time: 02:20:11 PM ) Total Marks: 1

An organization's division that has a low relative market share position and competes in a slow-growth industry is known as:

Select correct option:

**Dog**

Question mark

Star

Cash cow

Question # 2 of 20 ( Start time: 02:20:26 PM ) Total Marks: 1

Which of these is the allocation and reallocation of capital and resources to projects, products, assets and divisions of an organization?

Select correct option:

**Investment decision**

Financing decisions

Restructuring decisions

Strategic decision

Question # 3 of 20 ( Start time: 02:20:58 PM ) Total Marks: 1

Which of the following is a limitation of financial budgets?

Select correct option:

Quarterly or other periodic reforecast are not possible

Over budgeting or under budgeting do not cause problems

**Financial budgets can become a substitute for objectives**

Budgets reveal inefficiencies if based solely on precedent

Question # 4 of 20 ( Start time: 02:21:21 PM ) Total Marks: 1

What are the four dimensions of a SPACE matrix?

Select correct option:

Environmental stability; Industrial strength; Competitive advantage; Market growth rate

**Environmental stability; Industrial strength; Competitive advantage; Financial strength**

Industrial strength; Competitive advantage; financial strength; Market share

Environmental stability; Industrial strength; Market growth rate; Market share

Question # 5 of 20 ( Start time: 02:21:44 PM ) Total Marks: 1

Assigning a rate=2 in IFE matrix indicates what?

Select correct option:

A major weakness

**A minor weakness**

A minor strength

A major strength

Question # 6 of 20 ( Start time: 02:21:57 PM ) Total Marks: 1

The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

Select correct option:

Financial budget

Relative importance of departments

**On political or personal factors**

Relative cost of each resources

Question # 7 of 20 ( Start time: 02:22:17 PM ) Total Marks: 1

Principles of conduct that guide decision-making are known as:

Select correct option:

Human rights

**Business ethics**

The constitution

Social responsibility

Question # 8 of 20 ( Start time: 02:22:50 PM ) Total Marks: 1

What happens to the demand for discretionary goods when interest rates rise?

Select correct option:

Rises

**Declines**

Remains the same

First rises then declines

Question # 9 of 20 ( Start time: 02:23:38 PM ) Total Marks: 1

The SMART goal criteria 'Relevant' suggests which one of the following?

Select correct option:

Are you able to assess your progress?

Do you know exactly what you want to accomplish?

**Is your goal relevant towards your purpose in life?**

What is the deadline for completing your goal?

Question # 10 of 20 ( Start time: 02:23:50 PM ) Total Marks: 1

Backward integration is effective in all of the following situations EXCEPT:

Select correct option:

When an organization competes in an industry that is growing rapidly

When an organization needs to acquire a needed resource quickly

**When the advantage of stable prices are not important**

When present suppliers have high profit margins

Question # 11 of 20 ( Start time: 02:24:57 PM ) Total Marks: 1

J I T stands for:

Select correct option:

Just inter time

Just into time

**Just in time**

Just in technique

Question # 12 of 20 ( Start time: 02:25:11 PM ) Total Marks: 1

All of the following fall under the category of "Process" function of production management EXCEPT:

Select correct option:

Choice of technology

**Quality assurance**

Process flow analysis

Transportation analysis

Question # 13 of 20 ( Start time: 02:25:43 PM ) Total Marks: 1

Which of the following is NOT a component of external environment analysis?

Select correct option:

Customer satisfaction feedback

Global impacts

**Legal issues within the industry**

Competitive position of rival companies

Question # 14 of 20 ( Start time: 02:26:03 PM ) Total Marks: 1

Which analytical tool consists of a nine-cell matrix?

Select correct option:

Competitive Profile Matrix

SPACE Matrix

Grand Strategy Matrix

**Internal-External Matrix**

Question # 15 of 20 ( Start time: 02:26:16 PM ) Total Marks: 1

Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?

Select correct option:

Does the firm have an effective sales organization?

Are markets segmented effectively?

Are the firm's products and services priced appropriately?

**Does the firm have good liquidity?**

Question # 16 of 20 ( Start time: 02:26:38 PM ) Total Marks: 1

Which of the following are two negative-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

**CA and ES**

FS and IS

IS and ES

Question # 17 of 20 ( Start time: 02:26:50 PM ) Total Marks: 1

The purpose of an external audit is to prepare a list of which of the following?

Select correct option:

Opportunities and weaknesses

Threats and strengths

**Opportunities and threats**

Strengths and weaknesses

Question # 18 of 20 ( Start time: 02:27:04 PM ) Total Marks: 1

The last remedy for Quadrant II firm is to follow which strategy?

Select correct option:

Horizontal integration

Market development

Forward integration

**Divestiture**

Question # 19 of 20 ( Start time: 02:28:31 PM ) Total Marks: 1

Which of the following refers to the belief related to objectives setting that "there is no general plan for which way to go and what to do"?

Select correct option:

Managing by crisis

Managing by extrapolation

Managing by hope

**Managing by subjectives**

Question # 20 of 20 ( Start time: 02:29:02 PM ) Total Marks: 1

The general conditions for competition that influence business firms, which provide similar products and services is known:

Select correct option:

Remote environment

International environment

External environment

**Industry environment**

Which one of the following statement is TRUE about EBIT (Earnings Before Interest and Taxes)?

It is calculated as revenue minus depreciation and interest expanses

**It is calculated as revenue minus expenses excluding tax and interest**

It is calculated as revenue minus cost of good sold and sales taxes

It is calculated as revenue minus selling and administrative expenses

Which matrix is included in the decision stage of the strategy formulation framework?

IE Matrix

**QSPM matrix**

BCG

Space

On the y-axis of IE Matrix, an EFE total weighted score of 3.97 is considered what?

Low

Medium

**High**

Weak

Integration strategies are sometimes collectively referred to as which of these strategies?

Select correct option:

Horizontal integration

Forward integration

Hierarchical integration

**Vertical integration**

Firms located in which quadrant of the Grand Strategy Matrix are in an excellent strategic position?

**1**

2

3

4

What is the last stage of three-stage strategy formulation framework?

Formulation

**Decision**

Matching

None of them

What are historical narratives describing the unique accomplishments of a group and its leaders, usually in heroic terms?

Rites

**Sagas**

Stories

Myths

Which one of the following is the characteristic of Question marks?

Excess cash generation

**Low cash generation**

Opportunities for growth

No-market-growth industry

**“A desired future state that the organization attempts to realize”. Identify the term relevant to the given statement**

Policy

Procedure

**Goal**

Strategy

**Which alternative becomes more attractive financing technique when cost of capital is high?**

Debt financing

Combination financing

**Raising equity**

Borrowing

**Which of these is not one of the tests used to determine whether a performance-pay plan will benefit an organization?**

Do employees understand the plan?

Is the plan improving communications?

Does the plan pay out when it should?

**Does the plan reduce management layers?**

**Which of the following statement applies to Vision Statement?**

**Describes the purpose of existence of an organization**

Identify the customers of the organization

The key measure or measures of the organization's success

Depict the values of an organization

**Which of the following refers to determining the best capital structure for the company?**

Restructuring decisions

**Financing decisions**

Strategic decision

Investment decision

**All of the following are the examples of pricing decisions EXCEPT:**

Volume discount

Bundling

Price flexibility

**Repair and supports**



**Which statements best represents 'Restructuring'?**

Radical redesign of an organization's process

An agreement between two or more firms

**Personnel downsizing and asset revaluation**

Combination of two or more companies

**Which of the following arise when a company can take advantage of conditions in its environment to formulate and implement strategies that enable it to become more profitable?**

Strengths

**Opportunities**

Weaknesses

Threats

**Which one of the following is NOT a SMART criterion?**

Measurable

**Strategy**

Achievable

Relevant

**Which of the following refers to the belief related to objectives setting that "the true measure of a really good strategist is the ability to solve problems"?**

Managing by objectives

Managing by extrapolation

**Managing by crisis**

Managing by subjectives

**Which is the most important benefit required from restructuring?**

Employee impalement

**Cost reduction**

Increased morale

Increased innovation

### **MGT 603 LATEST SOLVED QUIZZ .**

1 . Din Mohammad, a farmer sells his crops at the local market rather than to a distribution center. This action of Din Mohammad comes under

which of the following?

Backward integration

Product development

**Forward integration**

## Horizontal integration

2. Theoretical framework is trying to develop a \_\_\_\_\_ model of our study.

Select correct option:

Functional

**Conceptual**

Operational

Practical

3 .Which of the following are two negative-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

**CA and ES**

FS and IS

IS and ES

4. Where usage rate of present customers of the company can be increased significantly and the current markets are not saturated, which

strategy would be effective for the company to follow?

Select correct option:

**Market Penetration**

Product Development

Market Development

Retrenchment

5. In Competitive Profile Matrix, the rating 4 indicates what?

Select correct option:

Major weakness

**Major strength**

Minor strength

Minor weakness

rating 1 represents major weakness, rating 2 shows minor weakness. Similarly, rating 3 indicates minor strength whereas rating 4 shows major strength. It means that weakness must receive 1 or 2 rating while strength must get 3 or 4 rating.

6 . A chance for advancement, progress or profit prevailing in external environment of a company is known as:

Select correct option:

Strength

Weakness

**Opportunity**

Threat

7. When the Chief Executive of a chain of pharmacies decided to sell off or close some of the locations that were not profitable, he was

performing which of the management function?

Select correct option:

Leading

Planning

**Controlling**

Organizing

8. Taking any corrective action is a part of controlling function. Internal analysis involves gathering and analyzing the information about all areas of a firm EXCEPT:

Research nad development

Management information system

Marketing

**Competitors**

9. Internal strengths and weaknesses that can significantly benefit or harm an organization may include all of the following EXCEPT:

Production/ operations

Research & development

## **E-commerce**

Management information system

Internal strengths and internal weaknesses are an organization's controllable activities that are performed especially well or poorly.

They arise

in the management, marketing, finance/accounting, production/operations, research and development, and computer information systems activities of a business. Identifying and evaluating organizational strengths and weaknesses in the functional areas of a business is an essential strategic-management activity. Organizations strive to pursue strategies that capitalize on internal strengths and improve on internal weaknesses.

10. Strategic management integrates all of the following areas

EXCEPT:

Management

Marketing

Research and development

**Human resource management**

11. Which management function includes breaking tasks into jobs, combining jobs to form departments and delegating authority?

Motivating

**Staffing**

Organizing

Planning

12. All of the following statements are true about a firm's mission statement EXCEPT:

A mission statement does not directly contribute positively to financial performance.

**A mission statement directly contributes positively to financial performance.**

A mission statement should not provide useful criteria for selecting among alternative strategies.

13. Primary reason to develop a mission statement is not to attract the customers

A firm should practice Joint Venture strategy in which of the following cases?

When the SPACE matrix vector lies in defensive quadrant

When the SPACE matrix vector lies in aggressive quadrant

When the SPACE matrix vector lies in conservative quadrant

**When the SPACE matrix vector lies in competitive quadrant**

14. Assessment of competitive rivalry does NOT include an understanding of which of the following?

Mergers and acquisition in industry

Market growth rates

Exit barriers and operational efficiency of competitor

The management structure of an organization

15. What is the range for a firm's total weighted score in an External Factor Evaluation Matrix?

0 to 5

0 to 4

1 to 5

**1 to 4**

**total weighted score for the organization, Highest possible weighted score for the organization is 4.0; the lowest, 1.0. Average = 2.5**

16. All of the following would be considered as opportunities for a business, EXCEPT:

Select correct option:

Removal of international trade barriers

Emergence of unfulfilled customer need

**Emergence of substitute products**

Loosening of regulations

17. A firm's division with a high relative market share position in a low-growth industry can be referred to which of the following category?

Select correct option:

Star

**Cash cow**

Question mark

Dog

18. SPACE matrix stands for:

Select correct option:

**Strategic position and action evaluation matrix**

Strategic power and commerce evaluation matrix

Strategy performance and activity evaluation matrix

Strategy position and competitiveness evaluation matrix

1. TOWS Matrix (Threats-Opportunities-Weaknesses-Strengths)

2. SPACE Matrix (Strategic Position and Action Evaluation)

3. BCG Matrix (Boston Consulting Group)

4. IE Matrix (Internal and external) 5. GS Matrix (Grand Strategy)

19. Long-term objectives are needed at which level(s) of the organization?

Select correct option:

Corporate level

Divisional level

Functional level

**All of the given options**

. Long term objectives are needed at the corporate, divisional and functional levels of an organization.

20. Strategy formulation techniques can be integrated into how many stages of decision making framework?

Select correct option:

Two

**Three**

Four

Five

21. All of the following situations are conducive to market development EXCEPT:

When new untapped or unsaturated markets exist

**When new channels of distribution are expensive**

When an organization has excess production capacity

When an organization's basic industry is becoming rapidly global

22. Lack of access to key distribution channel indicates which of the following?

Select correct option:

Strength

**Weakness**

Opportunity

Threat

23. ABC firm is facing high production costs in Pakistan due to expensive raw material. The firm is formulating a strategy of capturing European market because of low priced raw material and high demand of their products in Europe. Keeping in view the mentioned situation which of the following strategies ABC firm must pursue?

WO Strategy

SW Strategy

ST Strategy

**WT Strategy**

24. Which one of the followings best describes this statement; "The conditions that a company must satisfy in order to be able to enter an industry"?

Economies of scale

**Barriers to entry**

Differentiation

## Competitive environment

25. Which strategy should an organization use if it competes in a no-growth or a slow-growth industry?

Related diversification

Backward integration

Unrelated diversification

### **Retrenchment**

that company's weak competitive situation and slow market growth. The firms fall in this quadrant compete in slow-growth industries and have weak competitive positions. These firms must make some drastic changes quickly to avoid further demise and possible liquidation.

26. Extensive cost and asset reduction (retrenchment) should be pursued

Defensive strategies include all of the following EXCEPT:

Select correct option:

Retrenchment

### **Acquisition**

Divestiture

Liquidation

27. Defensive Strategies In addition to integrative, intensive, and diversification strategies, organizations also could pursue

Retrenchment, divestiture, or **liquidation**.

Selling all of a company's assets in parts for their tangible worth is known as:

Select correct option:

Joint venture

Divestiture Liquidation

Integration

Selling all of a company's assets, in parts, for their tangible worth  
Selling all of a company's assets, in parts, for their tangible worth is called liquidation. Liquidation is recognition of defeat and, consequently, can be an emotionally difficult strategy. However, it



may be better to cease operating than to continue losing large sums of money.

28. Which of the following stages of strategy formulation framework involves developing Internal-External (IE) Matrix?

Select correct option:

Input stage

**Output stage**

Matching stage

Decision stage

29. Input stage of strategy-formulation framework includes developing which of the following set of strategies?

Select correct option:

IFE, EFE and QSPM Matrix

**IFE, IE and BCG Matrix**

IFE, CPM and EFE Matrix

EFE, IE and CPM Matrix

30. ABC company is competing in an industry where the growth rate of that industry from year to year has reached or is close to zero, ABC is

operating in which industry?

Select correct option:

Growing industry

Emerging industry

**Mature industry**

Declining industry

31. Which of the following strategy generally entails large research and development expenditures?

Select correct option:

Market penetration

Retrenchment

Forward integration

**Product development**

## Product Development

Product development is a strategy that seeks increased sales by improving or modifying present products or services. Product development usually entails large research and development expenditures

Question # 10 of 10 ( Start time: 10:25:40 PM )

Total Marks: 1

Which of the following is a standardized, detailed set of techniques and behaviors that manage anxieties, but seldom produce intended, technical consequences of practical results?

Select correct option:

Folktales

Rites

Rituals

Values

Question # 9 of 10 ( Start time: 10:25:11 PM ) Total Marks: 1

Which of the following is NOT a characteristic of well-constructed goals?

Select correct option:

Address important issues

Easy to remember

Precise and measurable

Challenging but realistic

Question # 8 of 10 ( Start time: 10:24:46 PM ) Total Marks: 1

A joining of two companies through one company buying more than one half of the other company's stocks is known as:

Select correct option:

- ☐ Monopolization
- ☒ A spin-off
- ☐ An acquisition
- ☐ A merger

A firm's division with a high relative market share position in a low-growth industry can be referred to which of the following category?

Select correct option:

- ☐ Star
- ☒ Cash cow
- ☐ Question mark
- ☐ Dog

Which of the following is the first step in the controlling function of management?

Select correct option:

- ☐ Take corrective actions
- ☐ Restrict breaks employees take
- ☐ Evaluate expense reports

Establish performance standards

Question # 5 of 10 ( Start time: 10:21:56 PM ) Total Marks: 1

Conglomerate diversification is another name for which of the following?

Select correct option:

Related diversification

Unrelated diversification

Portfolio diversification

Acquisition diversification

External forces directly affects all of the following EXCEPT:

Select correct option:

Market segmentation strategies

Types of products/services offered

Management structure of organization

Choice of businesses to acquire or sell

Of the following, which one would NOT be considered one of the components of a mission statement?

Select correct option:

The target market for XYZ is oil and gas producers as well as producers of chemicals

XYZ shall hire only those individuals who have with sufficient educational levels so as to be of benefit to our customers

The customers of XYZ shall include global and local consumers of gas and oil products and domestic users of nontoxic chemicals

The technologies utilized by XYZ shall focus upon development of alternative sources of gas and oil so as to remain competitive within the industry

Question # 2 of 10 ( Start time: 10:18:58 PM ) Total Marks: 1

Which of the following strategy generally entails large research and development expenditures?

Select correct option:

Market penetration

Retrenchment

Forward integration

Product development

Question # 1 of 10 ( Start time: 10:17:35 PM ) Total Marks: 1

Reasons due to which some firms do “No Strategic Planning” incorporate all of the following EXCEPT:

Select correct option:

Wastage of time

Fire-fighting

Content with success

Privileged reward structures

MGT603\_Old\_Quiz

<http://www.vustudents.net>

Question # 10 of 10 ( Start time: 10:21:39 PM )

Total Marks: 1

Of the following, which one would NOT be considered one of the components of a mission statement?

Select correct option:

The target market for XYZ is oil and gas producers as well as producers of chemicals

XYZ shall hire only those individuals who have with sufficient educational levels so as to be of benefit to our customers

The customers of XYZ shall include global and local consumers of gas and oil products and domestic users of nontoxic chemicals

The technologies utilized by XYZ shall focus upon development of alternative sources of gas and oil so as to remain competitive within the industry

Question # 9 of 10 ( Start time: 10:21:10 PM ) Total Marks: 1

Which of the following is not a key question that can reveal internal strengths and weaknesses of the marketing department?

Select correct option:

Does the firm have an effective sales organization?

Are markets segmented effectively?

Are the firm's products and services priced appropriately?

**Does the firm have good liquidity?**

Question # 8 of 10 ( Start time: 10:19:42 PM ) Total Marks: 1

Which stage of the "Strategy Formulation Framework" includes an External Factor Evaluation Matrix and a Competitive Profile Matrix?

Select correct option:

- ☐ Input stage
- ☒ Output stage
- ☐ Matching stage
- ☐ Decision stage

Question # 7 of 10 ( Start time: 10:19:08 PM ) Total Marks: 1

Financial ratios are helpful in analyzing the relationship among which of the following?

Select correct option:

- ☐ All assets and liabilities
- ☐ Profits and costs
- ☒ All functional areas of business
- ☐ Sales and profitability

Question # 6 of 10 ( Start time: 10:18:41 PM ) Total Marks: 1

All of the following are included in the five functions of the management process EXCEPT:

Select correct option:

- ☒ Planning

Organizing

Leading

**Delegating**

Question # 5 of 10 ( Start time: 10:18:11 PM ) Total Marks: 1

Which of the followings best describes the Horizontal integration?

Select correct option:

A firm takes over a supplier

A firm takes over a distributor

**A firm takes over a competitor**

A firm takes over a manufacturer

Question # 4 of 10 ( Start time: 10:16:45 PM ) Total Marks: 1

All of the following would be considered as weaknesses to a business EXCEPT:

Select correct option:

Maturing markets

**Limited industry expertise**

Brand name

Limited financial resources

Question # 3 of 10 ( Start time: 10:15:35 PM ) Total Marks: 1

In Competitive Profile Matrix, the rating 4 indicates what?

Select correct option:



Major weakness

**Major strength**

Minor strength

Minor weakness

Question # 2 of 10 ( Start time: 10:14:28 PM ) Total Marks: 1

Choose the economic variable from the list.

Select correct option:

Attitudes toward business

Attitudes toward product quality

Population changes by race

**Stock market trends**

While preparing an External Factor Evaluation matrix, a total score of 0.8 indicates what?

Select correct option:

Firm is taking advantages of strengths and avoiding threats

Firm is not taking advantages of opportunities and is avoiding threats

**Firm is not taking advantages of opportunities and is not avoiding threats**

Firm is taking advantage of opportunities and is avoiding the threats

### Other Quiz

Which of the following identified that “strategic management encourages forward

thinking, favorable attitudes towards change and discipline to the management of business”?

Select correct option:

Greeley

**Greenly**

Greenley

Greenwich

Which of the following can be the weakness of an organization?

Select correct option:

Price war

**Poor location of business**

Increased trade barriers

Innovative substitute product

A joining of two companies through one company buying more than one half of the other company's stocks is known as:

Select correct option:

Monopolization

**A spin-off**

An acquisition

A merger

Assigning rating 3 to an internal factor in IFE matrix indicates what?

Select correct option:

Major weakness

Minor weakness

**Minor strength**

Major strength

Which of the following are two positive-rated dimensions on SPACE Matrix?

Select correct option:

FS and CA

CA and ES

FS and IS

IS and ES

Which of the following is NOT included in the strategic management model?

Select correct option:

Measure and evaluate performance.

**Perform internal research to identify customers.**

Establish long-term objectives.

Develop mission and vision statements.

While preparing an External Factor Evaluation matrix, a total score of 0.8 indicates what?

Select correct option:

Firm is taking advantages of strengths and avoiding threats

Firm is not taking advantages of opportunities and is avoiding threats

**Firm is not taking advantages of opportunities and is not avoiding threats**

Firm is taking advantage of opportunities and is avoiding the threats

st marketing is commonly applied by which of the following companies?

Select correct option:

Industrial goods companies

Consumer goods companies

Public sector companies

Private sector companies

Question # 9 of 10 ( Start time: 12:13:02 PM ) Total Marks: 1

Which management function includes breaking tasks into jobs, combining jobs to form departments and delegating authority?

Select correct option:

Motivating

Staffing

**Organizing**

Planning

Developing a vision and a mission statement is important because of the following reasons EXCEPT:

Select correct option:

**They are useful for large firms only**

They establish organizational culture

They are the basis for allocating resources

They translate objectives into work structure