

# Dr.G.R.Damodaran College of Science

(Autonomous, affiliated to the Bharathiar University, recognized by the UGC)Re-accredited at the 'A' Grade Level by the NAAC and ISO 9001:2008 Certified CRISL rated 'A' (TN) for MBA and MIB Programmes

II MBA (PART TIME) [2016-2019]

SEMESTER IV

CORE: STRATEGIC MANAGEMENT - 452A

Multiple Choice Questions.

1. Which of the following is not a recognized element of corporate strategy?

- A. Competitive advantage.
- B. Closure.
- C. Acquisition.
- D. Divestment.

ANSWER: A

2. Which of the following statements is false? Formal strategic planning?

- A. implies determined actions for achieving objectives
- B. is a time consuming process
- C. should develop clear and rigid plans for the organization to implement
- D. is most applicable in stable environments

ANSWER: C

3. Which of the following statements best describes the concept of strategic awareness

- A. Managers understanding of the organizations history, competencies, and current strategy
- B. Managers understanding of current strategy and its effectiveness.
- C. Managers understanding of the strategic options available to the organization.
- D. Managers understanding of the organizations strategy, its effectiveness, and the potential

avenues for change.

ANSWER: D

4. Which of the following is associated with successful strategies?

- A. Creating superior value to customers.
- B. Exploitation of key success factors.
- C. Creating and maintaining strategic fit.
- D. All the above.

ANSWER: D

5. Which type of strategies are of particular importance to global companies?

- A. Corporate.
- B. Functional.
- C. Competitive.
- D. Corporate and competitive.

ANSWER: D

6. Which one of the following is of concern for not-for-profit organizations?

- A. Planning resource inputs.
- B. Identifying suppliers to deal with.
- C. Developing capabilities.
- D. Which customers to target.

ANSWER: A

7. Select the statement that best applies to emergent strategies. Emergent strategy\_\_\_\_\_.

- A. . implies an ability to react to events
- B. implies deliberate evaluation and selection between different strategic options.
- C. implies strategizing.
- D. implies no deviation from plans.

ANSWER: A

8. Select the most accurate statement.

Value A. means value for money.

B. . is best described as the benefits the business chooses to give to customers through its product/service.

C. is the benefits of a product/service as perceived by the customer.

D. does not offer competitive advantage.

ANSWER: C

9. Which of the following statements best describes strategic management?

A. . A process consisting of determining objectives and strategic actions to achieve those objectives.

B. A process consisting of determining objectives, strategic actions to achieve those objectives, the implementation of desired strategy, and the monitoring of that strategy.

C. A process consisting of the determination of direction, strategic actions to achieve objectives, the implementation of desired strategy, and monitoring of that strategy.

D. A process for determining direction, strategic actions to achieve objectives, and the implementation of desired strategy.

ANSWER: C

10. Which one of the following would not be considered a functional strategy?

A. Financial.

B. Marketing.

C. Product-market.

D. Operations.

ANSWER: C

11. The term 'corporate strategy' concerns strategy and strategic decisions:.

A. In certain types of organisations.

B. At all levels in an organisation.

C. Developed by the senior management in an organisation.

D. In the private sector only.

ANSWER: C

12. A key characteristic of strategic decisions is

A. They are likely to be concerned with, or affect, the long-term direction of an organisation.

B. They are normally definite decisions about the future of the organisation.

C. They identify specific areas of strategic interest for the management of an organisation.

D. They result in better organisational performance.

ANSWER: A

13. Strategic fit means

A. Creating opportunities by building on resources and competences

B. Having a balanced portfolio which meets customer requirements.

C. Tailoring strategies to address forces in the business environment.

D. Meeting the expectations of stakeholders.

ANSWER: C

14. The purpose of strategy is to provide

- A. The strategic direction for an organisation in the foreseeable future.
- B. Direction and scope of an organisation over the long-term, which achieves advantage for an organisation within a changing environment to meet the needs of markets.
- C. Direction and scope of an organisation over the long-term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.
- D. A set of standards which all employees in an organisation should strive to attain.

ANSWER: B

15. It is possible to identify different levels of strategy in an organisation, these are \_\_\_\_\_.

- A. Corporate; strategic business unit; operational.
- B. Corporate and functional.
- C. Strategic and tactical.
- D. Corporate and business unit.

ANSWER: A

16. An organisation's mission can be defined as \_\_\_\_\_.

- A. The overriding purpose in line with the values or expectations of stakeholders.
- B. The overriding purpose regardless of the values or expectations of stakeholders.
- C. The organisation's business plan.
- D. The purpose of organisation's existence and what is it doing.

ANSWER: D

17. The purpose of analysing an organisation's strategic position is

- A. To understand the operational and corporate requirements of an organisation.
- B. To understand the strategic position of the organisation in terms of its strategic capability and the expectations and purposes of stakeholders.
- C. To understand the strategic position of the organisation in terms of its external environment.
- D. To evaluate the resources necessary to translate strategy into action.

ANSWER: C

18. Strategic choices require an understanding of

- A. . the underlying bases for future strategy at business unit and corporate levels; the options for developing strategy in terms of directions and methods of development.
- B. . the business environment, the competition and the strategic capability of the organisation.
- C. The key drivers of change.
- D. The organisational strengths and weaknesses.

ANSWER: A

19. Strategy in a public sector organisation differs from a private sector company because

- A. Planning horizons are determined by political considerations, rather than market conditions.
- B. They do not have customers.
- C. They do not have to make a profit
- D. They do not have stakeholders

ANSWER: A

20. Strategic drift, where strategies progressively fail to address the strategic position of the organisation, is frequently followed by

- A. Transformational change.
- B. Demise.
- C. Transformational change or demise.
- D. A change of CEO.

ANSWER: A

21. A design view of strategy refers to
- A. The systematic, rational way in which strategy is always developed in organisations
  - B. The pulling together of ideas that develop from different parts of the organisation
  - C. Pulling together the different decisions made throughout an organisation so as to develop a coherent overall strategy.
  - D. The deliberate positioning of the organisation through a rational, analytic, structured and directive process

ANSWER: D

22. The experience lens suggests that strategies develop.
- A. Through the individual experience of a few top managers or strategic planners.
  - B. Through the shared assumptions in the organisation often thought of as the organisational culture.
  - C. Through the shared assumptions across similar sorts of organisations within an industry (or organisational field)
  - D. All of the above.

ANSWER: D

23. The ideas lens suggests that ideas for new strategies develop as a result of
- A. The ideas of top managers and strategic planners
  - B. The variety and diversity of ideas competing with each other within an organisation.
  - C. A fast changing and often unpredictable environment requiring new responses from organisation.
  - D. B and C above.

ANSWER: D

24. The ideas lens suggest that new strategies take shape in organisations
- A. . Because the new ideas that develop from within the organisation are selected by formal evaluation through strategic planning systems.
  - B. Because new ideas are tried out in the market and either succeed or don't.
  - C. Because there are sufficient people in the organisation that find a new strategy attractive.
  - D. All of the above.

ANSWER: D

25. Which of the following statements describes how the design, experience and ideas lenses help explain strategy development processes?
- A. Strategic planning processes are explained through the design lens. The experience lens and ideas lens are not relevant.
  - B. The way in which organisational politics contributes to strategy development is explained through the experience lens.
  - C. Logical incrementalism is best understood in terms of the ideas lens.
  - D. All three lenses help explain different strategy development processes that are observable in organisations.

ANSWER: D

26. Analysing the business environment best assists in
- A. Identifying key competitive forces; identifying competitive position; identifying key opportunities, threats, strengths and weaknesses.
  - B. . Auditing macro environmental influences; identifying key competitive forces; identifying competitive position; identifying key opportunities and threats.
  - C. Auditing external and organisational factors; identifying key competitive forces; identifying competitive position; identifying key opportunities and threats.
  - D. . Assessing historical trends; auditing environmental dangers; identifying strategic capabilities; identifying competitive position.

ANSWER: B

27. In relation to the PESTEL framework which of the following statements is correct
- A. It assists in the assessment of organisational strengths and weaknesses.
  - B. . It allows a detailed analysis of the structure of an industry.
  - C. . It can be used as a checklist to understand the different environmental influences in the macro environment
  - D. Takes an historical perspective on the main political, economic, sociocultural, technological, environmental and legal factors.

ANSWER: C

28. The following factors are key drivers of globalization

- A. Government action, exchange rates, competition and socio demographic factors.
- B. . Market convergence, competition, exchange rates and cost advantages.
- C. . Cost advantages, government action, economic cycles and competition.
- D. Market, cost, competition and government policies.

ANSWER: D

29. Scenarios are used to

- A. Develop a long term view of strategy.
- B. Build plausible views of different possible futures and develop a long term view of strategy.
- C. Identify key drivers of change.
- D. Develop a view of an environment which has a high degree of uncertainty, build plausible views of different possible futures and take a long term view of strategy.

ANSWER: D

30. Porter suggests the following reasons for one nation being more competitive than another

- A. Ability to speak English; developed network of supporting industries; absence of competition; and low labour cost.
- B. Abundant natural resources; skilled labour force; temperate climate; and democracy.
- C. Factor conditions; demand conditions; related and supporting industries; and firm strategy, industry strategy and rivalry.
- D. Strong sporting ethos; emphasis on individual achievement; strong national party in power; large home market.

ANSWER: C

31. The five forces that affect the level of competition in an industry are

- A. Threat of entrants; power of buyers; power of suppliers; threat of substitutes; competitive rivalry.
- B. . Threat of buyers; power of entry; power of substitutes; threat of suppliers; threat of recession.
- C. Threat of recession; power of buyers; power of suppliers; threat of management failure; competitive rivalry.
- D. Threat of entry; power of buyers; power of suppliers; threat of substitutes; government action.

ANSWER: A

32. Which of the following statements in relation to the Five Forces framework is correct?

- A. The framework assists in developing a broad perspective on the environment within which an organisation is operating.
- B. It is not appropriate in public sector management.
- C. The framework is a means of identifying the forces which affect the level of competition in an industry or sector.
- D. The framework identifies the major stakeholders of an organisation

ANSWER: C

33. In the Five Forces framework, the term threat of entrants means

- A. The possibility of an existing competitor capturing the entire market.
- B. The possibility of an existing competitor withdrawing from the market.
- C. The possibility of a new competitor entering the market.
- D. The possibility of a potential competitor entering a different market.

ANSWER: C

34. Which of the following could be effective in preventing a potential competitor from entering the market?

- A. High capital costs.
- B. Differentiation.
- C. Retaliation.
- D. Low switching costs for buyers.

ANSWER: A

35. The threat of substitutes may be high if

- A. Switching costs are of concern to the customer.
- B. The substitute product provides a higher perceived value or benefit.
- C. The substitute product does not provide enhanced functionality, reduced cost and better quality.
- D. Customers have strong existing brand loyalty.

ANSWER: B

36. Buyers can exercise high bargaining power over their suppliers if

- A. The volume they buy accounts for a large percentage of their suppliers sales.
- B. There are few buyers in the market.
- C. They have many suppliers to choose from.
- D. There is a high concentration of suppliers.

ANSWER: A

37. Assessment of competitive rivalry does NOT include an understanding of

- A. The extent to which competitors are in balance.
- B. Market growth rates.
- C. Fixed costs, exit barriers and operational efficiency.
- D. The management structure of an organisation.

ANSWER: D

38. Strategic Groups are

- A. A group of companies competing in the same industry.
- B. Organisations in the same industry with similar characteristics and following similar strategies.
- C. Strategic Business Units (SBUs).
- D. Organisations following similar strategies.

ANSWER: D

39. Market segmentation aims to

- A. Identify the similarities and differences between groups of customers or users.
- B. Identify the similarities between groups of customers or users.
- C. Identify the differences between organisations and their competitors.
- D. Identify the needs and wants of all customers or users.

ANSWER: D

40. What are the bases of market segmentation?

- A. The business environment; the attractiveness of the market; the purchase/use situation.
- B. The strength of the competitors; the attractiveness of the market; the organisational structure.
- C. Strategic capabilities; organisational structure; organisational culture.
- D. The characteristics of the people/organisations; the purchase/use situation; users' needs and preferences for product characteristics.

ANSWER: D

41. Strategic gaps are

- A. Weaknesses in a company's resources or competences.
- B. Opportunities in the business environment not being fully exploited by the competition.
- C. Opportunities in the same market segment.
- D. Opportunities in new market segments.

ANSWER: A

42. Critical Success Factors are

A. Those product features that are particularly valued by a group of customers and, therefore, where an organisation must excel to outperform competition.

B. Those factors which are critical to the success of the organisation's main competitors.

C. Both answers A and B.

D. Those product features that a company is particularly competent at providing.

ANSWER: B

43. Critical success factors in the public sector usually relate to

A. More than one stakeholder

B. The expectations of service users

C. Government imposed standards.

D. The expectations of the providers of funds.

ANSWER: D

44. Strategic stretch involves

A. The fit between the organisation and its environment.

B. Creating new opportunities by stretching and exploiting capabilities in new ways.

C. The skills of the senior management.

D. Utilising all the resources of an organisation to their full capacity.

ANSWER: B

45. The generic competitive strategies are

A. Overall Cost Leadership

B. Cost Focus

C. Differentiation and Focused Differentiation

D. All the above

ANSWER: D

46. What are core competences?

A. Resources which critically underpin competitive advantage and that others cannot obtain.

B. . Activities and processes needed to meet customers' minimum requirements and therefore to continue to exist.

C. Key skills required for success in a particular business.

D. Activities that underpin competitive advantage and are difficult for competitors to imitate or obtain.

ANSWER: D

47. The value chain attempts to identify those activities which add value to

A. The organisation's stakeholders.

B. The senior strategic managers in the organisation.

C. The organisation's shareholders.

D. The customer or final user.

ANSWER: D

48. The value chain is composed of primary & support activities. Which answer below provides the correct components for primary activities?

A. Service, human resource management, marketing & sales, operations and outbound logistics.

B. Marketing & Sales, Operations, Outbound Logistics and Service.

C. Procurement, Firm Infrastructure, Human Resource Management, Technology Development and Marketing & Sales.

D. . Inbound Logistics, Operations, Outbound Logistics, Marketing & Sales and Service.

ANSWER: D

49. . What is the purpose of an activity map?

A. A system to facilitate better time-planning.

B. It is used in business process reengineering to show how the different activities of an organisation are linked together.

C. It is used to identify and understand strategic capability by mapping how the different activities of an organisation are linked together.

D. A list of activities undertaken by an organisation.

ANSWER: C

50. Competitive advantage through linkages between the organisation and its value network can be achieved by

A. Vertical integration.

B. Adopting common quality standards internally and externally (with suppliers).

C. . Examining supplier specifications, common merchandising, applying quality management principles or by collaborating with other organisations in the form of strategic alliances or joint ventures.

D. Outsourcing customer service to India.

ANSWER: C

51. Cost efficiency is determined by which of the following drivers?

A. Supply Costs, Experience, Product/Process Design and Economies of Scale.

B. Supply Costs & Economies of Scale.

C. Product/Process Design and Economies of Scale.

D. Experience.

ANSWER: A

52. Robustness of strategic capabilities is more likely when \_\_\_\_\_.

A. Linkages in the value network are exploited.

B. Core competences are complex, ambiguous and dependent on culture/history.

C. Competences lie with specific individuals.

D. Core competences lie in separate parts of the organisation's value chain.

ANSWER: A

53. Which types of organisational knowledge is a source of competitive advantage?

A. Explicit knowledge which is classified and formalised in a planned and systematic way.

B. Personal knowledge which is hard to communicate and formalise.

C. Customer databases, market research reports, management reports.

D. Collective and shared experience accumulated through systems, routines and activities of sharing across the organisation.

ANSWER: D

54. In the resource-based view of strategy, what type of strategic capabilities are the sources of sustainable competitive advantage?

A. Unique resources and core competences.

B. Dynamic capabilities.

C. Operational excellence.

D. Strategic capabilities which are valuable to buyers, rare, robust and non-substitutable.

ANSWER: D

55. What are the three criteria for the robustness of strategic capability?

A. Core competences, unique resources and dynamic capabilities.

B. Complexity, causal ambiguity and value to customers.

C. Complexity, causal ambiguity and rarity.

D. Complexity, causal ambiguity and culture/history.

ANSWER: D

56. Industry/sector benchmarking compares \_\_\_\_\_.

A. Organisational performance between firms/public sector organisations in different industries or sectors.

B. Organisational performance between firms/public sector organisations in the same industry or sector.

C. Organisational performance between firms/public sector organisations in different countries.

D. Organisational performance between different divisions of the firm.

ANSWER: B

57. Best in Class Benchmarking seeks to assess organisational performance against

\_\_\_\_\_.

- A. The nearest geographical competitor.
- B. The competitor who is 'best in class' wherever that may be.
- C. The competitor who is the best in the industry.
- D. The nearest principal competitor.

ANSWER: B

58. The purpose of a SWOT analysis is to analyse \_\_\_\_\_.

- A. The business environment in which an organisation operates.
- B. The strategic capability of an organisation.
- C. The business environment and the strategic capability of an organisation relative to its competitors.
- D. External and organisational environments.

ANSWER: C

59. SWOT should be \_\_\_\_\_.

- A. A general list of issues under each heading.
- B. Focused on key issues and as specific as possible.
- C. Completed when an analysis of the external environment has been conducted.
- D. SWOT analysis is the best strategic management framework for analysing the competitive positioning of an organisation.

ANSWER: B

60. Which of the following is NOT an influence on organisational purposes?

- A. Minor stakeholders.
- B. Business ethics.
- C. Corporate governance.
- D. The organisational mission.

ANSWER: D

61. The governance framework determines \_\_\_\_\_.

- A. Whom the organisation is there to serve.
- B. Whom the organisation is there to serve and how the purposes and priorities of the organisation should be decided.
- C. The legal framework for the administration of the organisation.
- D. The regulatory framework in which the organisation operates.

ANSWER: B

62. The main purpose of corporate governance is \_\_\_\_\_.

- A. To separate ownership and management control of organisations.
- B. To maximise shareholder value.
- C. To separate ownership and management control of organisations and to make organisations more visibly accountable to a wider range of stakeholders.
- D. To ensure that regulatory frameworks are adhered to.

ANSWER: C

63. The two-tier board of an organisation is particularly useful

- A. In ensuring that there is a counterbalance to the power of managers.
- B. For managers to assert their power.
- C. In improving operational efficiency.
- D. In ensuring that employees can determine strategies for the organisation.

ANSWER: A

64. The desire for more accountability of public sector organisations has resulted in \_\_\_\_\_.

- A. Pressure on all public sector organisations to be operated on a profit making basis.
- B. Public sector managers to become more professional.
- C. Public sector organisations to develop plans for their strategic development.
- D. An increased proportion of independent members on governing bodies.

ANSWER: D

65. Stakeholders are the individuals or groups who \_\_\_\_\_.

- A. Depend on the organisation to fulfil their own goals and on whom the organisation depend.

- B. Are shareholders in key competitors.
- C. Dominate the strategy development process in an organisation.
- D. Determine operational issues.

ANSWER: D

66. The purpose of stakeholder mapping is to \_\_\_\_\_.

- A. Outline policies on stakeholder relationships.
- B. Geographically locate different stakeholders.
- C. Identify stakeholder power.
- D. Identify stakeholder interest and power.

ANSWER: D

67. Where a stakeholder has a high level of interest in the development of an organisation, but a low level of power, strategists or managers should

- A. Keep these stakeholders informed.
- B. Keep these stakeholders informed and satisfied.
- C. Expend minimal effort on these stakeholders.
- D. Treat these stakeholders as key players.

ANSWER: A

68. Power is \_\_\_\_\_.

- A. The ability of individuals to persuade, induce or coerce others into following certain courses of action.
- B. The ability of groups to persuade, induce or coerce others into following certain courses of action.
- C. The ability of individuals or groups to persuade, induce or coerce others into following certain courses of action.
- D. The ability of individuals or groups to persuade others into following certain courses of action.

ANSWER: D

69. An indicator of power held by external stakeholders is \_\_\_\_\_.

- A. The organisational perception of the status of an external party.
- B. Negotiating skills.
- C. Personal relationship with a key decision-maker.
- D. Mutual resource dependency.

ANSWER: A

70. Ethical issues concerning business and public sector organisations exist at three levels \_\_\_\_\_.

- A. Macro; Corporate; Individual.
- B. Corporate; Business; Functional.
- C. Corporate; Functional; Individual.
- D. Business; Family; Individual.

ANSWER: A

71. An ethical stance is the extent to which

- A. An organisation meets the expectations of its stakeholders.
- B. An organisation will exceed its minimum obligations to stakeholders and society at large.
- C. An organisation meets regulatory requirements.
- D. An organisation respects the dominant religious beliefs of the country in which it operates.

ANSWER: B

72. Corporate social responsibility concerns \_\_\_\_\_.

- A. How an organisation meets the expectations of its stakeholders.
- B. The behaviour of individual managers.
- C. External stakeholder relationships.
- D. The ways in which an organisation exceeds its minimum required obligations to stakeholders.

ANSWER: D

73. The cultural frames of reference include (this is not a comprehensive list)

- A. National; organisational field; competitors.
- B. National; organisational; organisational field and functional/divisional.

C. Unions; organisational; industrial.

D. Organisational; colleagues; organisational field.

ANSWER: B

74. An organisational field is a \_\_\_\_\_.

A. Definition of the competitive structure of an industry.

B. Set of assumptions held in common within an industry.

C. Set of benchmarks which organisations should achieve in order to be successful.

D. Community of organisations with a common meaning system and which interact more frequently with each other than with those outside the field.

ANSWER: D

75. The culture of an organisation can be conceived as consisting of four layers

A. Values; beliefs; behaviours; and taken-for-granted assumptions.

B. Values; beliefs; tasks.

C. Beliefs; tasks; personalities.

D. Individual; functional; organisational.

ANSWER: A

76. The cultural web is a \_\_\_\_\_.

A. Representation of the taken-for-granted assumptions, or paradigm, of an organisation and the physical manifestations of the organisation culture.

B. . Representation of the taken-for-granted assumptions, or paradigm, of an organisation and its competitors.

C. Representation of the power in an organisation.

D. Representation of the politics in an organisation

ANSWER: A

77. An organisational paradigm is

A. The dilemma facing an organisation.

B. The beliefs in an organisation.

C. The values in an organisation.

D. A set of taken for granted assumption

ANSWER: D

78. A mission statement is

A. A statement of the overriding direction and purpose of the organisation.

B. A specific statement of the overriding strategy of the organisation.

C. A description of the organisation's main activities and the position it wishes to attain in its industry or sector.

D. An expression of the desired sales or profit levels.

ANSWER: A

79. In a 'turnaround' situation objectives need to be

A. Broad, so as to allow maximum flexibility.

B. Specific, so as to focus attention on a limited number of priority requirements.

C. Multiple, so that all business areas are addressed.

D. Radical, to meet the dire organisational problems.

ANSWER: B

80. A difference between corporate and unit objectives is

A. Multiple objectives might well be more common at the unit rather than the corporate level.

B. Unit level objectives will be more financially focused.

C. Corporate level objectives will be less financial.

D. Unit level objectives will be set by corporate managers.

ANSWER: A

81. Strategic development directions can be considered in terms of

A. Products, markets, strategic capabilities and expectations of stakeholders.

B. Products and markets.

- C. Withdrawal, product development and consolidation.
- D. Strategic capability.

ANSWER: A

82. Where an organisation is considering strategic development in an existing market with existing products it should consider (amongst others) the following strategic option

- A. Diversification.
- B. Market development.
- C. Protect/ build.
- D. Protect.

ANSWER: C

83. The strategic option of withdrawal might be considered where

- A. The intrinsic value of a company's products or assets do not change over time.
- B. An organisation is unable to secure sufficient resources or competences.
- C. A change in the expectations of a stakeholder with low power and low interest.
- D. An organisation is unable to change its competences.

ANSWER: B

84. Consolidation is concerned with

- A. Continuing with current strategies.
- B. Protecting and strengthening the organisation's position in new markets through its current products.
- C. Protecting and strengthening the organisation's position in its current markets through its current products.
- D. Protecting the organisation's position in its current markets through its current products.

ANSWER: C

85. Market penetration in static markets is

- A. Relatively easy.
- B. Particularly difficult for weakly positioned organisations.
- C. Difficult to achieve for all organisations.
- D. Impossible.

ANSWER: B

86. Product development can be driven in two ways

- A. With existing capabilities or with new capabilities.
- B. Internally and externally.
- C. By the management and by the workforce.
- D. Market demand.

ANSWER: A

87. There are three main types of market development

- A. New territories, new segments, new products.
- B. New territories, franchising, new segments.
- C. Existing segments, new territories, new uses.
- D. New segments, new territories, new uses.

ANSWER: D

88. There are three main methods of strategy development

- A. Internal; acquisition; joint development.
- B. Internal; external; acquisition.
- C. Market development; product development; diversification.
- D. Design, experience and ideas.

ANSWER: A

89. Internal development is where

- A. An organisation develops its strategies by building up its own resource base.
- B. An organisation develops its strategies by building on its own capabilities.
- C. An organisation develops its strategies by building up its management team.

D. An organisation develops its strategies by building up its financial strength.  
ANSWER: B

90. A successful acquisition is where an organisation
- A. Establishes a new subsidiary.
  - B. Takes over another organization.
  - C. Develops the capabilities to move into a new market.
  - D. Develops its strategies by taking over another organization.

ANSWER: D

91. Common problems in making acquisitions work relate to
- A. Failure to add value and inability to integrate the new company.
  - B. Lack of cultural fit.
  - C. The two companies having different core competences.
  - D. Failure to add value, inability to integrate the new company, lack of organisational learning and poor cultural fit.

ANSWER: A

92. The form of a strategic alliance is likely to be influenced by
- A. The market, capabilities and stakeholder expectations.
  - B. The power of each partner.
  - C. CEO discussions on the golf course.
  - D. The legal frameworks in which the alliance is established.

ANSWER: A

93. Networks differ from joint ventures in that networks
- A. Are arrangements whereby two or more organisations work in collaboration without formal relationships, where there is mutual advantage in doing so.
  - B. Are arrangements whereby two or more organisations work in collaboration with formal relationships.
  - C. Are based on personal relationships.
  - D. Are limited to e-commerce businesses.

ANSWER: A

94. Franchising is a form of
- A. Contractual strategic alliance.
  - B. Merger.
  - C. Joint venture.
  - D. Internal development.

ANSWER: A

95. The major factor in the success of alliances is
- A. Their financial performance.
  - B. How they are managed.
  - C. The culture of the partners.
  - D. Operational issues.

ANSWER: B

96. . Assessing the suitability of a strategy concerns
- A. Whether a strategy addresses the circumstances in which an organisation is operating.
  - B. The relationship between the intended strategy and the potential outcome.
  - C. Whether a strategy meets stakeholder expectations.
  - D. Key resource issues.

ANSWER: A

97. The relative suitability of strategies could be judged by using the following frameworks
- A. Ranking; ratio analysis; scenario planning.
  - B. Ranking; decision tree; feasibility study.
  - C. Feasibility study; decision tree; scenarios.
  - D. Ranking; decision tree; scenarios.

ANSWER: D

98. Acceptability assessment concerns

- A. The expected performance outcomes, such as risk, return and stakeholder reactions, if a strategy is implemented.
- B. The resources and competences required to implement the strategy.
- C. The strategic fit of the strategy to the future trends and changes in the environment.
- D. The stakeholder reaction to a strategy.

ANSWER: A

99. Profitability analyses for assessing the acceptability of a strategy include

- A. Return on capital employed, ratio analysis, funds flow analysis.
- B. Return on capital employed, payback period, discounted cashflow.
- C. Payback period, discounted cashflow and decision trees.
- D. Ranking, decision trees and scenarios.

ANSWER: B

100. What most often is the limitation when assessing return using cost benefit analysis

- A. Clear identification of the key stakeholders.
- B. Difficulty in quantification.
- C. Identifying objectives of the strategy.
- D. Difficulties in establishing the timescales to be applied.

ANSWER: B

101. Feasibility concerns

- A. Whether an organisation has the resources to deliver a strategy.
- B. Whether an organisation has the competences to deliver a strategy.
- C. Whether an organisation has the resources and competences to deliver a strategy.
- D. Whether a strategy meets the expectations of key stakeholders.

ANSWER: C

102. Two useful approaches to assess feasibility in financial terms are

- A. Funds flow and break-even analyses.
- B. Ratio analyses and investment appraisal.
- C. Resource deployment and funds flow analyses.
- D. Break-even and ratio analyses.

ANSWER: A

103. Why is it important to understand the organisational context in thinking about the management of strategic change?

- A. Because there is no one right formula for managing strategic change. It will need to differ according to the context of the organisation.
- B. Because it is important to analyse the organisational environment to develop strategies.
- C. Because understanding the timescale of change is important.
- D. Because understanding the managerial and personal capabilities to manage change in the organisation is important

ANSWER: A

104. Why might a forcefield analysis be useful in thinking about strategic change?

- A. A forcefield analysis helps to identify the blockages to change.
- B. A forcefield analysis helps to identify forces which might facilitate change.
- C. A forcefield analysis identifies those in the organisations with power to make change happen.
- D. A forcefield analysis provides a way of identifying forces for and against change in the organisation.

ANSWER: D

105. In terms of types of change, what is meant by ,evolutionary,?

- A. Incremental change within the existing paradigm.
- B. ,Big Bang, change within the existing paradigm.
- C. Incremental change outside the existing paradigm.
- D. Big bang change outside the existing paradigm.

ANSWER: C

106. In circumstances of incremental change, strategic change is likely to be more successful if

- A. It is imposed.
- B. It is owned by the senior manager.
- C. It is internalised and owned by those who will implement it.
- D. It is facilitated by management consultants.

ANSWER: C

107. Managing the unfreezing change process can involve

- A. An emphasis on external problems or threats.
- B. Signaling the need for change.
- C. Making internal changes such as adjusting management.
- D. All of the above.

ANSWER: D

108. There are different styles of managing strategic change. Which of the following are the potential benefits of "direction" as a change style?

- A. Overcoming lack of information or misinformation.
- B. Increasing ownership of a decision or process.
- C. Maintaining control over the change process whilst also involving people in it.
- D. Clarity and speed.

ANSWER: D

109. The style of managing change described as intervention is characterized by

- A. Change agent retains co-ordination and control but delegates elements of the change programme.
- B. Use of authority to set the direction and means of change.
- C. Explicit use of power through edict.
- D. Involvement in setting the strategy change agenda and resolving strategic issues by groups or task forces.

ANSWER: A

110. Farkas and Wetlaufer seem to support the importance of context for successful strategic leadership. Taking this point of view which of the following best characterises the most successful leaders as change agents?

- A. Those with an approach to leadership which emphasises continual change in their organisation.
- B. Those with an approach to leadership emphasising measures of control in implementing change.
- C. Those with an approach to leadership emphasising the development of people.
- D. Those with an ability to tailor their strategic leadership approach to the context of change.

ANSWER: D

111. Why are middle managers important in the strategic change process?

- A. Because middle managers are responsible for implementing plans determined at the top.
- B. Because middle managers interpret and adjust strategy as events unfold in the organisation.
- C. Middle managers are a bridge between senior executives and lower levels in the organisation and can therefore help change occur and advise top management about change.
- D. All of the above.

ANSWER: D

112. A successful change agent will

- A. Be sensitive to the external and organisational contexts of change.
- B. Understand the overall required strategy.
- C. Apply an appropriate style of managing change.
- D. All of the above.

ANSWER: A

113. Why might changes in organisational symbols and routines be important in managing strategic change?

- A. Because symbols and routines can signal strategic change in everyday terms; and therefore be particularly relevant to people throughout the organisation.
- B. Because symbols and routines can be identified in a cultural web analysis.
- C. Because symbols and routines are easy to change.
- D. Because changes in routines are symbols have more impact than changing organisational structure and control systems.

ANSWER: D

114. Various media exist for communicating change. Which of the following media is best suited to complex strategic change?

- A. Personal letters.
- B. General bulletins or circulars.
- C. Face to face either individually or to a group.
- D. A strategic plan.

ANSWER: A

115. Although strategic change tends to be seen as a long term issue, it may be useful to achieve 'short-term wins'. What does this mean?

- A. The organisation must complete its change programme quickly.
- B. The organisation must win in the short-term to be successful long-term.
- C. Short-term wins benefit stakeholders.
- D. Completing some tasks quickly to demonstrate success and build confidence in a change programme.

ANSWER: C

116. Political processes in managing change may involve

- A. The Board of Directors
- B. Senior managers.
- C. Employees
- D. All stakeholders.

ANSWER: D

117. Rituals, stories and symbols are important features of strategic change. Which of the following do you think is the most powerful symbol?

- A. Changes to systems such as reward, information and control systems.
- B. Physical changes in the work environment such as relocations or changes to office space.
- C. Behaviour of change agents.
- D. Use of stories in sources such as newsletters.

ANSWER: D

118. The style of managing change associated with coercion or edict is best described as

- A. Change agent retains co-ordination and control but delegates elements of change
- B. Use of authority to set direction and means of change
- C. Explicit use of power
- D. Involvement in setting the strategy agenda and resolving strategic issues by groups

ANSWER: C

119. It is generally agreed that the role of strategy is to

- A. Make best use of resources
- B. Achieve competitive advantage
- C. Make profits for the organization

D. Make the best products and services.

ANSWER: B

120. According to Porter (1996) in his article 'What is strategy?', strategy is about being

- A. Different
- B. Better
- C. Bigger
- D. Open minded

ANSWER: D

121. An organization's external environment consists of the general or macro environment and

- A. The internal environment
- B. The competitive environment
- C. The specific environment
- D. The micro-environment.

ANSWER: B

122. The key activities in the strategic management process are

- A. Analysis, formulation, review
- B. Analysis, implementation, review
- C. Analysis, formulation, implementation
- D. Formulation, analysis, implementation.

ANSWER: C

123. Strategy analysis is also referred to as

- A. SWOT analysis
- B. Strategy diagnosis
- C. Rational analysis
- D. Situation analysis

ANSWER: A

124. Strategy formulation takes place at two levels. These are

- A. Conscious and sub-conscious
- B. Implicit and explicit
- C. Corporate and business
- D. Business and operational.

ANSWER: D

125. The goals of an organization derive from its

- A. Strategy
- B. Purpose
- C. Objectives
- D. Mission

ANSWER: D

126. The statement of an organization's aspirations can be found in the organization's

- A. Mission statement
- B. Strategic objectives
- C. Actions
- D. Vision statement.

ANSWER: A

127. Drucker refers to an organization's assumptions about its environment and its internal strengths and weaknesses as its

- A. Theory of business
- B. Organizational recipe
- C. Values and beliefs
- D. Core ideology.

ANSWER: C

128. Decisions regarding which industries to compete in are the concern of

- A. Business level strategy
- B. Corporate level strategy
- C. Mergers and acquisitions
- D. Functional level strategy

ANSWER: A

129. Competitive strategy is also known as

- A. Competitive positioning
- B. Corporate level strategy
- C. Industry strategy
- D. Business level strategy.

ANSWER: D

130. The perspective on strategy formulation that is associated with frameworks such as the SWOT analysis is known as

- A. The Learning School.
- B. The Cognitive School.
- C. The Design School.
- D. The Deliberate School.

ANSWER: B

131. The general environment is also referred to as the

- A. Micro-environment
- B. Macro-environment
- C. Competitive environment
- D. External environment.

ANSWER: B

132. The general environment can be broken down using a PEST analysis. Conventionally the PEST analysis consists of

- A. Political, economic, scientific, technological
- B. Political, environmental, social, technological.
- C. Political, economic, social, technical.
- D. Political, economic, social, technological.

ANSWER: D

133. Threats faced by organizations that have the potential to undermine the way they currently compete are known as:

- A. Disturbances.
- B. Disharmonies.
- C. Discontinuities.
- D. Disruptions.

ANSWER: A

134. The business level strategies are

- A. Cost Leadership
- B. Differentiation
- C. Focus
- D. All of the above

ANSWER: D

135. 'Weak signals' can be defined as:

- A. Barely perceptible changes in the external environment.
- B. Changes in the environment that have little impact.
- C. Changes in the environment that will not last.
- D. Changes in the environment that only affect a small number of industries.

ANSWER: A

136. The process of following weak signals in the environment is referred to as:

- A. Predicting.
- B. Scanning.
- C. Forecasting.
- D. Monitoring.

ANSWER: B

137. Van Der Heijden (1996) identifies three main types of uncertainty. These are risks, structural uncertainties and:

- A. Random events.
- B. Unknowables
- C. Inconceivables.
- D. Unlikely.

ANSWER: D

138. 'Structural uncertainties' (Van Der Heijden 1996) can be defined as:

- A. Unique events that could not have been predicted because there was no past experience to learn from.
- B. Patterns of similar events that allows us some degree of predicting the future.
- C. Situations that could take one path or another.
- D. Situations that cannot even be imagined.

ANSWER: C

139. A method for imagining alternative, possible futures is known as:

- A. Scenario imagining.
- B. Scenario composition.
- C. Scenario planning.
- D. Scenario envisioning.

ANSWER: C

140. A 'tipping point' as suggested by Gladwell (2000) is defined as:

- A. A sudden change in the environment.
- B. A sudden decline in an industry.
- C. An unexpected and unpredictable event that has a major impact on the organization's environment.
- D. The optimum time for responding to an environmental cue.

ANSWER: B

141. Two further categories that are often added to the PEST analysis are:

- A. Legal and ethical.
- B. Legal and technological
- C. Legal and ecological.
- D. Legal and evolutionary.

ANSWER: B

142. The umbrella term for the policies and principles that guide an organization's impact on society is:

- A. Corporate governance.
- B. Corporate social responsibility.
- C. Business ethics.
- D. Business policy.

ANSWER: B

143. Which of the following industries is most likely to suffer due to a rise in interest rates?

- A. The construction industry.
- B. Domestic tourism.
- C. Hairdressing.
- D. Magazines.

ANSWER: A

144. Which of the following types of data is the most predictable in terms of forecasting into the future?

- A. Economic indicators.
- B. Social trends.

- C. Demographics.
- D. Environmental science data.

ANSWER: A

145. In the SWOT analysis, the 'strengths' and 'weaknesses' part refers to:

- A. What the organization does internally in relation to competitors.
- B. The potential level of profits in the industry.
- C. The quality of the products and services in relation to competitors.
- D. The potential level of sales in the market.

ANSWER: A

146. The competitive environment refers to:

- A. The structure of the industry in which the firm competes.
- B. The macro-environment in which the firm exists.
- C. The micro-environment in which the firm exists.
- D. Strategies of competing firms.

ANSWER: B

147. Substantial changes to the range of offerings or the markets served or both are known as:

- A. Differentiation.
- B. Diversification.
- C. Relocation.
- D. Brand extension.

ANSWER: B

148. Which of the following outcomes is not an advantage of a completely vertically integrated business?

- A. Potentially greater control is achieved.
- B. Potentially greater quality is achieved.
- C. Lowering of risk is achieved.
- D. Lower price of supplies is achieved.

ANSWER: C

149. 'Synergy' can best be explained by which of the sums below?

- A.  $2+2=5$ .
- B.  $2+2=4$ .
- C.  $2-2=1$ .
- D.  $2-2=0$ .

ANSWER: A

150. The Boston Group Portfolio Matrix is used to assess

- A. The size of a portfolio of businesses.
- B. The extent to which the corporate centre can add value to the businesses.
- C. The balance of the portfolio of businesses
- D. The scope of the portfolio.

ANSWER: C

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