

Paper 7B Strategic Management (New Course)

1. Which of these basic questions should a vision statement answer?
 - (a) What is our business?
 - (b) Who are our competitors?
 - (c) Where we are to go?
 - (d) Why do we exist?

2. According to Porter, what is usually the most powerful of the five competitive forces?
 - (a) Rivalry among existing firms
 - (b) Potential development of substitute products
 - (c) Bargaining power of buyers and suppliers
 - (d) Potential entry of new competitors

3. An organization that has a low relative market share position and competes in a slow-growth industry is referred to as a _____.
 - (a) Dog
 - (b) Question Mark
 - (c) Star
 - (d) Cash Cows

4. What type of organizational structure do most small businesses follow?
 - (a) Divisional structure
 - (b) Functional structure
 - (c) Hour Glass structure
 - (d) Matrix structure

5. Which section of the SWOT Matrix involves matching internal strengths with external opportunities?
 - (a) The WT cell
 - (b) The SW cell
 - (c) The SO cell
 - (d) The ST cell

6. In evaluating strategies, which one of Rumelt's criteria for evaluating strategies, refers to the need for strategists to examine sets of trends?
 - (a) Consistency
 - (b) Consonance

- (c) Feasibility
- (d) Advantage

7. 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?

- (a) Strategy formulation
- (b) Strategy evaluation
- (c) Strategy implementation
- (d) Strategic management

8. An important activity in _____ is taking corrective action.

- (a) Strategy evaluation
- (b) Strategy implementation
- (c) Strategy formulation
- (d) Strategy leadership

9. Which of the following is not a limitation of SWOT (Strengths, Weaknesses, Opportunity, Threats) analysis?

- (a) Organizational strengths may not lead to competitive advantage
- (b) SWOT gives a one-shot view of a moving target
- (c) SWOT's focus on the external environment is too broad and integrative
- (d) SWOT overemphasizes a single dimension of strategy

10. The competencies or skills that a firm employs to transform inputs into outputs are:

- (a) Tangible resources
- (b) Intangible resources
- (c) Organizational capabilities
- (d) Reputational resources

11. The emphasis on product design is very high, the intensity of competition is low, and the market growth rate is low in the _____ stage of the industry life cycle.

- (a) Maturity
- (b) Introduction
- (c) Growth
- (d) Decline

12. A narrow market focus is to a differentiation-based strategy as a

- (a) Broadly-defined target market is to a cost leadership strategy
- (b) Growth market is to a cost-based strategy
- (c) Technological innovation is to a cost-based strategy
- (d) Growth market is to a differentiation-based strategy

13. The most probable time to pursue a harvest strategy is in a situation of

- (a) High growth
- (b) Decline in the market life cycle
- (c) Strong competitive advantage
- (d) Mergers and acquisitions

14. Vertical integration may be beneficial when

- (a) Lower transaction costs and improved coordination are vital and achievable through vertical integration.
- (b) Flexibility is reduced, providing a more stationary position in the competitive environment.
- (c) Various segregated specializations will be combined.
- (d) The minimum efficient scales of two corporations are different.

15. One of the primary advantages of diversification is sharing core competencies. In order for diversification to be most successful, it is important that

- (a) The target market is the same, even if the products are very different.
- (b) The products use similar distribution channels.
- (c) The methods of production are the same.
- (d) The similarity required for sharing core competencies must be in the value chain, not in the product.

16. Individual investors are reliant on upon the organisation's managers to

- (a) Maximize short-term returns in the form of dividends.
- (b) Add value to their investments in a way that the stockholders could not accomplish on their own.
- (c) Achieve risk reduction at a lower cost than stockholders could obtain on their own.
- (d) Diversify the stockholder's investments in order to reduce risk.

17. Horizontal integration is concerned with

- (a) Production
- (b) Quality
- (c) Product planning
- (d) All of the above

18. Change in company's ----- gives rise to problems necessitating a new -----
---- to be made.

- (a) Structure, Strategy
- (b) Strategy, Structure
- (c) Structure, Structure
- (d) Strategy, Strategy

19. The reasons for acquisition are

- (a) Increased market power
- (b) Increased diversification
- (c) Increased speed to market
- (d) All of the these

20. Competitive rivalry has the most effect on the firm's ____ strategies than the firm's other strategies.

- (a) Business level
- (b) Corporate level
- (c) Functional level
- (d) All of these

21. A firm successfully implementing a differentiation strategy would expect:

- (a) Customers to be sensitive to price increases.
- (b) To charge premium prices.
- (c) Customers to perceive the product as standard.
- (d) To automatically have high levels of power over suppliers.

22. Conglomerate diversification is another name for which of the following?

- (a) Related diversification
- (b) Unrelated diversification
- (c) Portfolio diversification
- (d) Acquisition diversification

23. When two organisations combine to increase their strength and financial gains along with breaking the trade barriers is called-----

- (a) Hostile takeover
- (b) Liquidation
- (c) Merger
- (d) Acquisition

24. Internal _____ are activities in an organization that are performed especially well.

- (a) Opportunities
- (b) Competencies
- (c) Strengths
- (d) Management

25. Financial objectives involve all of the following *except*:

- (a) Growth in revenues
- (b) Larger market share
- (c) Higher dividends
- (d) Greater return on investment

Solution

1	C	6	B	11	B	16	B	21	B
2	A	7	D	12	A	17	A	22	B
3	A	8	A	13	B	18	B	23	C
4	D	9	C	14	A	19	D	24	C
5	C	10	C	15	D	20	A	25	B