

sadia ali

Paper 1

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:

- ▶ Owner
- ▶ **Foreman** 
- ▶ Chancellor
- ▶ Chief executive officer

Page6 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

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

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(page 4)“The prime task is to think through the overall mission of a business”.

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:

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

Strategists are individuals who are most responsible for the success or failure of an organization. Strategists are individuals who form strategies. 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: 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:

- ▶ Demographics
- ▶ Competitive trends
- ▶ Technological changes
- ▶ **Research and development**

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.

http://www.zainbooks.com/books/management/strategic-management_2_key-terms-in-strategic-management.html

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

- ▶ Goal
- ▶ Formality
- ▶ Policy
- ▶ **Strategy**

(Q#3http://highered.mcgraw-hill.com/sites/0078137160/student_view0/chapter1/multiple_choice_quiz.html)

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”.

- ▶ **Policies**
- ▶ Objectives
- ▶ Aspirations
- ▶ Goals

(page 10) Policies include guidelines, rules, and procedures established to support efforts to achieve stated objectives.

http://books.google.com.pk/books?ei=Reh5TZ_6JczsgbzxqXUBw&ct=result&id=8CRq1ka5E0EC&dq=Policies++including+how+resources+are+to+be+allocated+and+how+tasks+assigned+to+the+organization+might+be+accomplished&q=Policies+are+guides+to+action.+...+the+tasks+assigned+to+the+organization+might+be+accomplished+and+provide+a+basis+for+lower-level+managers+on#search_anchor

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

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

► **A mission statement directly contributes positively to financial performance (not sure)**

- 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

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

All of the following external forces directly affect an organization EXCEPT:

- Market segmentation strategies
- Types of products/services offered
- **Management structure of an organization**
- Choice of businesses to acquire or sell

Page# 28 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.

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?

- Social forces
- Competitive forces
- Social forces
- **Economic forces**

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

Suppose, the value of the currency of a certain country falls, what can be the affection companies in Different Industries and in Different Locations in that country respectively?

- Significant and equal
- Marginal and equal
- **Significant and unequal**
- Insignificant and unequal

CHAPTER 3 Trends in the dollar's value have _____ effect(s) on companies in different industries and in different locations.

a. significant and equal b. marginal and equal c. significant and unequal

d. insignificant and unequal e. no

Ans: c Page: 83

Question No: 11 (Marks: 1) - Please choose one

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

(Handouts page 34) Key Social, Cultural, Demographic, and Environmental Variables

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?

- ▶ Economic forces
- ▶ **Political, governmental, and legal forces**
- ▶ Social, cultural and, demographic forces
- ▶ Competitive forces

(Handouts page 37)

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”?

- ▶ External assessment
- ▶ Industry analysis
- ▶ **Competitive intelligence program**
- ▶ Business ethics

(page 42)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: 14 (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

Reason : Relatively large capital requirements and the fact that firms in the industry hold key patents and/or possess significant proprietary technology and/or have skills and know-how not readily available to a newcomer are considered to be barriers to enter a market or an industry.

(Q#12 and answer page#7) <http://www.scribd.com/doc/11569096/MB311-Jan-04>

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?

- ▶ 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**

<http://webcache.googleusercontent.com/search?q=cache:hw9tdilea-IJ:classes.bus.oregonstate.edu/BA469/Neubaum/McGrawHill%2520PPs/Chap003.ppt+The+products+of+alternative+suppliers+are+highly+differentiated,+making+the+cost+of+switching+relatively+high&cd=1&hl=en&ct=clnk&source=www.google.com>

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

(page26-16)[http://books.google.com.pk/books?id=M9FXFmk7BBwC&pg=SA26-PA16&dq=Alliances+offers+similar+products+or+services?+such+as+IBM,+Apple,+and+Dell&hl=en&ei=SAR6Te6WlofOswajjo3zBw&sa=X&oi=book_result&ct=result&resnum=10&ved=0CFEQ6AEwCQ#v=onepage&q=The%20top%20three%20PC%20suppliers%20\(IBM%2C%20Apple%2C%20and%20Compaq\)%20continued%20to%20dominate%20the%20industry%2C%20although%20their%20market%20share%20has&f=false](http://books.google.com.pk/books?id=M9FXFmk7BBwC&pg=SA26-PA16&dq=Alliances+offers+similar+products+or+services?+such+as+IBM,+Apple,+and+Dell&hl=en&ei=SAR6Te6WlofOswajjo3zBw&sa=X&oi=book_result&ct=result&resnum=10&ved=0CFEQ6AEwCQ#v=onepage&q=The%20top%20three%20PC%20suppliers%20(IBM%2C%20Apple%2C%20and%20Compaq)%20continued%20to%20dominate%20the%20industry%2C%20although%20their%20market%20share%20has&f=false)

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

► **Firm is taking advantage of opportunities and is avoiding the threats (not sure)**

(page82table)http://books.google.com/books?id=XGb5zo2ZGaEC&pg=PA81&dq=External+Factor+Evaluation+Matrix&hl=en&ei=9BGLTZTpPIPJrQfE0ZnWDg&sa=X&oi=book_result&ct=result&resnum=5&ved=0CDoQ6AEwBA#v=onepage&q=External%20Factor%20Evaluation%20Matrix&f=false

Question No: 18 (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

(page 47) **a minor weakness (rating = 2)**

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

Which of the following are signs of weakness in a company's competitive position?

► 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

<http://www.wiziq.com/online-tests/70-business-skills2Q#36>

(Q#3)<http://www.scribd.com/doc/25776923/-Question-Bank-of-Production-Operations-Mngt-1-2-Mark>

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**
- ▶ Controlling
- ▶ Organizing

(page 55) 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

(Q#43)<http://wenku.baidu.com/view/466f46c76137ee06eff91864.html>

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

How Synergy can numerically be expressed?

- ▶ $2+2=3$ (NAGATIVE)
- ▶ $2+2=0$
- ▶ $2+2=4$

▶ **$2+2=5$ 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

(page 61) Customer Profiles can reveal the demographic characteristics of an organization's customers.

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**
- ▶ Public sector companies
- ▶ Private sector companies

(Page 62) Test marketing is used more frequently by consumer goods companies than by industrial goods 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?**

- How many cities to include for test?
- What information to collect during the test?
- What action to take after the test has been completed?

(page 61) 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

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.

[http://www.zainbooks.com/books/management/strategic-management 15 internal-assessment-finance-accounting.html](http://www.zainbooks.com/books/management/strategic-management%2015%20internal-assessment-finance-accounting.html)

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

Debt-to-equity ratio is one of the types of which ratios?

- Profitability

► **Leverage**

- Liquidity
- Activity

(page 65) Leverage ratios measure the extent to which a firm has been financed by debt.

- ☐ Debt-to-total-assets ratio
- ☐ Debt-to-equity ratio
- ☐ Long-term debt-to-equity ratio

☐ **Times-interest-earned (or coverage) ratio**

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

(page 151) 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.

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 p72,73 Topic functional support roles) Recording and storing accounting records, Recording and storing inventory data, Recording and storing business intelligence data,

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,P#74

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

http://www.12manage.com/methods_horizontal_integration.html

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.

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**

(page 85)A firm pursuing a cost-leadership strategy attempts to gain a competitive advantage primarily by reducing its economic costs below its competitors.

<http://www.ecofine.com/strategy/Cost%20leadership.htm>

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

P#89;Ref: Four guidelines when market penetration may be an especially effective strategy are:

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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.P#90 (page230)

http://books.google.com/books?id=az8D9OOvff0C&pg=PA230&lpg=PA230&dq=modification+of+existing+products+or+the+creation+of+new+but+related+products+that+can+be+marketed+to+current+customers+through+established+channels&source=bl&ots=AEbhg7MIXf&sig=tmNJtEzSU1U_ZDjREv7_tRDoUwI&hl=en&ei=riSLTYD4MMHsrQfJ87jRDg&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBMQ6AEwAA#v=onepage&q=modification%20of%20existing%20products%20or%20the%20creation%20of%20new%20but%20related%20products%20that%20can%20be%20marketed%20to%20current%20customers%20through%20established%20channels&f=false

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

[http://en.wikipedia.org/wiki/Diversification_\(marketing_strategy\)](http://en.wikipedia.org/wiki/Diversification_(marketing_strategy))

Conglomerate diversification (or lateral diversification) The company markets new products or services that have no technological or commercial synergies with current products but that may appeal to new groups of customers.

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

(Q#20)http://highered.mcgraw-hill.com/sites/0073054224/student_view0/chapter8/multiple_choice_quiz.html

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**
- ▶ Takeover

(page 10)<http://www.docstoc.com/docs/23889878/David-Chapter-5>

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**

<http://www.referenceforbusiness.com/encyclopedia/Man-Mix/Mergers-and-Acquisitions.html>

David Chapter 5 Mergers and acquisitions, including the following:

- a. To provide improved capacity utilization.
- b. To make better use of an existing sales force.
- c. To reduce managerial staff.
- d. To gain economies of scale.
- e. To smooth out seasonal trends in sales.
- f. To gain access to new suppliers, distributors, customers, products, and creditors.
- g. To gain new technology.
- H To reduce tax obligations**

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

Competitive advantage enables the firm to create superior value for its customers and superior profits for itself <http://www.quickmba.com/strategy/competitive-advantage/>

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**
- ▶ Better awareness of external threats

(page 11) **non financial benefits:**
Increased employee productivity

Improved understanding of competitors strategies
Greater awareness of external threats
Understanding of performance reward relationships
Better problem-avoidance
Lesser resistance to change

Paper 2

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 internal-audit part of the strategic-management process is illustrated in Figure below.

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.

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

P#39 Technological forces represent major opportunities and threats that must be considered in formulating strategies.

Strategic formulation means a strategy formulate to execute the business activities.

Strategy formulation includes developing:-

- ☐ Vision and Mission (The target of the business)
- ☐ Strength and weakness (Strong points of business and also weaknesses)

Q ☐ Opportunities and threats (These are related with external environment for the business)

<http://www.scribd.com/doc/2516371/Strategic-Management>

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 (not sure)**

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 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

P#43Competitive 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.
[http://www.scribd.com/doc/30802064/26/Competitive-Forces\(Q#1=6\)](http://www.scribd.com/doc/30802064/26/Competitive-Forces(Q#1=6))

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#143Five 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
- ▶ **Firm is taking advantage of opportunities and is avoiding the threats(not sure)**

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#49Internal 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**

<http://en.wikipedia.org/wiki/Management>

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.

http://www.zainbooks.com/books/management/strategic-management_14_functions-of-management-1.html

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#47A 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.

http://wps.pearsoned.co.uk/ema_uk_he_johnson_excorpstrat_7/26/6677/1709451.cw/content/index.htmlQ10

[http://www.globalguideline.com/interview_questions/Answer.php?a=What is meant by focused differentiation](http://www.globalguideline.com/interview_questions/Answer.php?a=What_is_mean_t_by_focused_differentiation)

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: 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.

http://www.12manage.com/methods_productmarketgrid.html

<http://sellingandmarketing.wordpress.com/page/2/>

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**

<http://www.referenceforbusiness.com/encyclopedia/Man-Mix/Mergers-and-Acquisitions.html>

Ref: Other reasons for considering growth through acquisitions include obtaining proprietary rights to products or services, increasing market power by purchasing competitors, shoring up weaknesses in key business areas, penetrating new geographic regions, or providing managers with new opportunities for career growth and advancement. Since mergers and acquisitions are so complex, however, it can be very difficult to evaluate the transaction, define the associated costs and benefits, and handle the resulting tax and legal issues.

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

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

And that vision should first and foremost be based around business objectives

<http://ihaveanidea.org/articles/2011/01/20/chris-barbour-former-head-of-digital-marketing-adidas/>

First and foremost, a strategic vision is a plan laid out by a company that focuses on preparing the company for the future. It will outline the actions the company plans on taking to ensure its survival and growth, and how it will strengthen itself its market.

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

<http://www.citehr.com/105989-difference-between-vision-mission.html>

A mission statement gives the overall purpose of an organization, while a vision statement describes a picture of the "preferred future."

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?**

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. Does the firm have an effective sales organization?
3. Are the firm's products and services priced appropriately?

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

A goal is a **desired future state that the organization attempts to realize**. Goals are important because organizations exist for a purpose and goals define

http://books.google.com/books?id=xWxmFNMKXhEC&pg=PA142&dq=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&hl=en&ei=g2t6TbL8MJHrQfzrYm9BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CCgO6AEwAA#v=onepage&q=A%20goal%20is%20a%20desired%20future%20state%20that%20the%20organization%20attempts%20to%20realize.2%20Goals%20are%20important%20because%20organizations%20exist%20for%20a%20purpose%20and%20goals%20define&f=false

Another

http://www.slideshare.net/gar_dev/organizational-planning-goal-setting

Paper 3

MIDTERM EXAMINATION 2010

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

PART IX

157. _____ is perhaps the greatest advantage of international operations.

- a. Reduced tariffs and taxes
- b. Spreading economic risks over a wider number of markets
- c. Access to global technology, culture and business practices
- d. **Gaining new customers**
- e. Less-intense competition

Ans: d

Page: 27

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

sadia ali

- Self-concept

Pg#17,Philosophy: What are the basic beliefs, values, aspirations, and ethical priorities of the firm?

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?

P#17Technology: Is the firm technologically current?

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

Pg#29The 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: 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

ANTITRUST LAW intended to promote free competition in the market place by outlawing monopolies

http://www.audioenglish.net/dictionary/antitrust_law.htm

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

P#35,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

#43Competitive 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: 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

Indirect competitors sell products that can be substitutes for existing products such as contact lenses as a substitute for glasses.

<http://www.utsc.utoronto.ca/~bovaird/c41/4-porter.htm>

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

<http://www.learnmarketing.net/porters.htm>

The threat of a new organisation entering the industry is high when it is easy for an organisation to enter the industry i.e. entry barriers are low.

(Q#2)<http://www.oup.com/uk/orc/bin/9780199288304/01student/mcqs/ch03/>

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

(Q#8)<http://www.oup.com/uk/orc/bin/9780199288304/01student/mcqs/ch03/>

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**

A strong management team is the key to a successful business. Investors will look for a committed management team with a balance of marketing, technical, operational and financial skills and experience. Show that your management team has these necessary skills or is making efforts to attain them.

<http://www.cybf.ca/entrepreneurs/docs/Biz%20Plan%20Guide%20%20-%2029%2005%2008.pdf>

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

CHAPTER 5 (Q#127)

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

http://www.cliffsnotes.com/study_guide/Concepts-of-Organizing.topicArticleId-8944,articleId-8876.html

Concepts of Organizing

The working relationships — vertical and horizontal associations between individuals and groups — that exist within an organization affect how its activities are accomplished and coordinated. Effective organizing depends on the mastery of several important concepts: work specialization, chain of command, authority, delegation, span of control, and centralization versus decentralization. Many of these concepts are based on the principles developed by Henri Fayol

http://en.wikipedia.org/wiki/Span_of_control

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?

P#61, 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

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#47A 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

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

<http://www.soopertutorials.com/business/strategic-management/478-how-to-develop-internal-factor-evaluation-matrix-ife-matrix.html>

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

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

PG#82, 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

(Q#6) [http://highered.mcgraw-](http://highered.mcgraw-hill.com/sites/0078137160/student_view0/chapter7/multiple_choice_quiz.html)

[hill.com/sites/0078137160/student_view0/chapter7/multiple_choice_quiz.html](http://highered.mcgraw-hill.com/sites/0078137160/student_view0/chapter7/multiple_choice_quiz.html)

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 (review again)**

► Protecting and strengthening the organization's position by adding new, unrelated products for present customers

(Q#4) http://wps.pearsoned.co.uk/ema_uk_he_johnson_excorpstrat_7/26/6677/1709489.cw/content/index.html

Market Penetration

Here we market our existing products to our existing customers. This means increasing our revenue by, for example, promoting the product, repositioning the brand, and so on. However, the product is not altered and we do not seek any new customers

www.nishanw.org/Corporate%20Strategy%20all.doc

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

PG#92 Conglomerate Diversification

Adding new, unrelated products or services

Adding new, unrelated products or services is called *conglomerate diversification*.

Some firms pursue conglomerate diversification based in part on an expectation of profits from breaking up acquired firms and selling divisions piecemeal.

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

<http://www.docstoc.com/docs/23889878/David-Chapter-5>

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

http://highered.mcgraw-hill.com/sites/0073054224/student_view0/chapter1/multiple_choice_quiz.html

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**

2. 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 the right field?" "Should we reshape our business?" "What new competitors are entering our industry?"

http://www.google.com/#sclient=psv&hl=en&q=Adapting+to+change+confronts+an+organization%E2%80%99s+strategic+management+to+which+of+the+following+issue%28s%29:+%E2%96%BA+What+kind+of+business+we+should+be+in%3F+%E2%96%BA+Are+we+in+the+right+field%3F+%E2%96%BA+Should+we+reshape+our+business%3F+%E2%96%BA+All+of+the+given+options&aq=f&aqi=&aql=&oq=&pbx=1&bav=on.2,or.r_gc.r_pw.&fp=4cea5cfbaf698700

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

P#11, Non-Financial benefits:

Increased employee productivity

Improved understanding of competitors strategies

Greater awareness of external threats

Understanding of performance reward relationships

Better problem-avoidance

Lesser resistance to change

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

PG#14 Business Ethics and Strategic Management

Business ethics can be defined as principles of conduct within organizations that guide decision making and behavior.

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

And that vision should first and foremost be based around business objectives

<http://ihaveanidea.org/articles/2011/01/20/chris-barbour-former-head-of-digital-marketing-adidas/>

First and foremost, a strategic vision is a plan laid out by a company that focuses on preparing the company for the future. It will outline the actions the company plans on taking to ensure its survival and growth, and how it will strengthen itself in its market.

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

<http://mystrategicplan.com/resources/vision-statements/>

A strategic vision is a view of an organization's future direction and business makeup. It is a guiding concept for what the organization is trying to do and to become. Whereas the focus of the company's mission tends to be on the present, the focus of a strategic vision is on a company's future. If the statement of mission speaks as much to the future path the organization intends to follow as to the present organizational purpose, then the mission statement incorporates the strategic vision and there's no separate need for a vision.)

Paper 4

MIDTERM EXAMINATION 2010

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

P /Int#8 Internal Strengths and Weaknesses internal assessments

They arise in the management, marketing, finance/accounting, production/operations, research and development, and computer information systems activities of a business.

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

P#9 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 the following are the examples of a broad mission EXCEPT:

- ▶ The firm deals in beverages
- ▶ **We sell quality skimmed milk** PG17
- ▶ 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 it 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. In foreign markets, lack of equal opportunities for women and minorities, overpricing, hostile takeovers, moving jobs overseas, and using nonunion labor in a union shop.

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

A good mission statement describes an organization's purpose, customers, products or services, markets, philosophy, and basic technology.

<http://www.zainbooks.com/books/management/strategic-management-6-characteristics-of-a-mission-statement.html>

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**

PG24 Social policies directly affect a firm's customers, products and services, markets, technology, profitability, self-concept, and public image. An organization's social policy should be integrated into all strategic-management activities, including the development of a mission statement.

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

External assessment is performed in which of the following strategic-management phase?

- ▶ **Strategy formulation stage (not sure)**
- ▶ 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

Trends in the dollar's value have _____ effect(s) on companies in different industries and in different locations.

- a. significant and equal b. marginal and equal c. significant and unequal**
- d. insignificant and unequal e. no**

Ans: c Page: 83

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

PG#37, Some Political, Governmental, and Legal Variables

- World oil, currency, and labor markets
- Location and severity of terrorist activities
- Local, state, and national elections
- Number of patents
- Special tariffs

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

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: 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

(page#52)

<http://books.google.com/books?id=Sv8vejbcocC&pg=PA52&lpg=PA52&dq=com+pany+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

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.

[http://www.zainbooks.com/books/management/strategic-management 15 internal-assessment-finance-accounting.html](http://www.zainbooks.com/books/management/strategic-management%2015%20internal-assessment-finance-accounting.html)

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**

Cost leadership strategy—when an organization sets out to be the lowest-cost producer in its industry, it's following a cost leadership strategy. A low-cost leader aggressively searches out efficiencies in production, marketing, and other areas of operation.

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**

<http://cueflash.com/Decks/100%20Econ%20Terms>

Merger

A joining of two companies through one company buying more than one half of the other company's stocks

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)

Another

[http://books.google.com/books?id=0eSnn5W-](http://books.google.com/books?id=0eSnn5W-68QC&pg=PA55&dq=Strategic+management+enables+an+organization+to+be+pr)

[68QC&pg=PA55&dq=Strategic+management+enables+an+organization+to+be+pr](http://books.google.com/books?id=0eSnn5W-68QC&pg=PA55&dq=Strategic+management+enables+an+organization+to+be+pr)

[oactive&hl=en&ei=BUt7Ta-tMsK3rAfz4PXBBQ&sa=X&oi=book_result&ct=result&resnum=2&ved=0CDMQ6AEwAQ#v=onepage&q&f=false](http://www.oppapers.com/essays/Benefits-Of-Strategic-Management/557391)

Another

Strategic management enables an organization to be proactive, instead of companies just responding to threats in their business environment. Followed by commitment, understanding is the most important benefit of strategic management.

<http://www.oppapers.com/essays/Benefits-Of-Strategic-Management/557391>

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

http://books.google.com/books?id=YqBzDH1rBZMC&pg=PA353&dq=Developing+vision+and+mission+statements+is+important+because+They+are+useful+for+large+firms+only&hl=en&ei=P0x7TfH0McLRrOfAvJ3MBQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CCgQ6AEwAA#v=onepage&q&f=false

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

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

Paper 5

MIDTERM EXAMINATION 2010

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

Which of the following is an example of a narrow mission?

- ▶ **We sell packaged pineapples** Not sure
- ▶ 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 PG#17**
- ▶ 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 it creates confusion among employee due to its wider sense.

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

Organizations that conduct business operations across national borders are called international firms or multinational corporations.

<http://www.scribd.com/doc/33764623/Strategic-management>

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

<http://www.zainbooks.com/books/management/strategic-management-6-characteristics-of-a-mission-statement.html>

a mission statement needs to be broad to effectively reconcile differences among and appeal to an organization's diverse stakeholders, the individuals and groups of persons who have a special stake or claim on the company.

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 P#24**

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** **Repeated** (review again)

- 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

CHAPTER 3 Trends in the dollar's value have _____ effect(s) on companies in different industries and in different locations.

a. significant and equal b. marginal and equal c. significant and unequal

d. insignificant and unequal e. no

Ans: c Page: 83

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

P#35 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** (not sure)

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

Internal Audit is Parallels process of external auditP#49

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**

<http://en.wikipedia.org/wiki/Management>

Management process functions:

Planning

Organizing

Leading

Controlling

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**

Do you know your firm's Distinctive Competence? "What unique thing is it that we do really well? What quality or attribute sets us aside from our competitors?"

<http://www.di.net/articles/archive/1980/>

Another

Distinctive competence is a set of unique capabilities that certain firms possess allowing them to make inroads into desired markets and to gain advantage over the competition; generally, it is an activity that a firm performs better than its competition.

<http://www.enotes.com/biz-encyclopedia/distinctive-competence>

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

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.

http://www.zainbooks.com/books/management/strategic-management_15_internal-assessment-finance-accounting.html

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

PG#73 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

2 = minor weakness PG#46

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**

PG#79 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

Page#81

sadia ali

Forward integration strategy refers to the transactions between the customers and firm. Similarly, the function for the particular supply which the firm is being intended to involve itself will be called backward 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

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: 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

PG#95 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: 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

PG#95 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

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

Competitive advantage enables the firm to create superior value for its customers and superior profits for itself <http://www.quickmba.com/strategy/competitive-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

Page#3

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

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.

(page#7)

http://books.google.com/books?id=KVBnMaeccAkC&pg=PA7&dq=phases+of+strategic+management,+strategies+are+put+into+action&hl=en&ei=d6qLTYzpMcbZrQf1YnbDg&sa=X&oi=book_result&ct=result&resnum=6&ved=0CEUQ6AEwBQ#v=onepage&q&f=false

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:

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)**

Another

http://books.google.com/books?id=0eSnn5W-68QC&pg=PA55&dq=Strategic+management+enables+an+organization+to+be+proactive&hl=en&ei=BUt7Ta-tMsK3rAfz4PXBBQ&sa=X&oi=book_result&ct=result&resnum=2&ved=0CDMQ6AEwAQ#v=onepage&q&f=false

Another

Strategic management enables an organization to be proactive, instead of companies just responding to threats in their business environment. Followed by commitment, understanding is the most important benefit of strategic management.

<http://www.opppapers.com/essays/Benefits-Of-Strategic-Management/557391>

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**(not sure)

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

The decision support role It allows users to ask very powerful "What if...?" questions: PG#73

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

PG#65 Leverage ratios measure the extent to which a firm has been financed by debt.

Paper 6

MGT 603 STRATEGIC MANAGEMENT MID TERM PAPER....

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

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

“The prime task is to think through the overall mission of a business”.

Intuition and analysis P#4

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

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**

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.

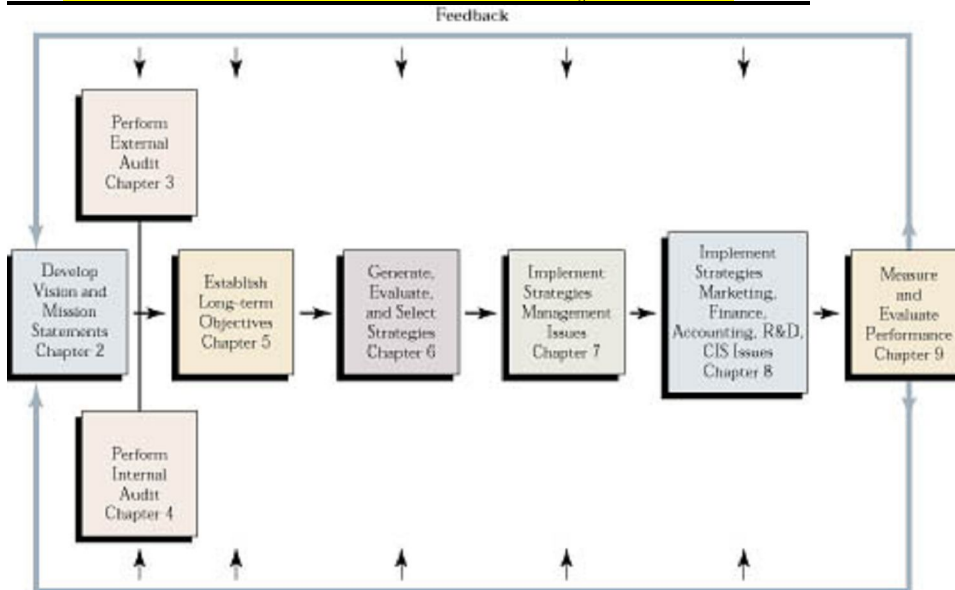
[http://www.zainbooks.com/books/management/strategic-management 2 key-terms-in-strategic-management.html](http://www.zainbooks.com/books/management/strategic-management%20key-terms-in-strategic-management.html)

Question No: 3 (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#10**



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

Organizations that conduct business operations across national borders are called international firms or multinational corporations.

<http://www.scribd.com/doc/33764623/Strategic-management>

Question No: 5 (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

CHAPTER 3

108. Identifying and evaluating key social, political, economic, technological and competitive trends and events comprise

- a. developing an effective mission statement.
- b. conducting an internal audit.
- c. **performing an external audit.**
- d. formulating strategy.
- e. implementing strategy.

Ans: c

Page: 80

Question No: 6 (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#29The 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: 7 (Marks: 1) - Please choose one

According to Freund, Which one of the following should NOT be the characteristic of key external factors?

- ▶ Measurable
- ▶ **few in Relatively number**
- ▶ Applicable to all competing firms
- ▶ Important to achieving long-term objectives

CHAPTER 3

112. Freund emphasizes that key external factors should be all of these *except*

- a. important to achieving long-term and annual objectives.
- b. measurable.
- c. **relatively few in number.**

d. applicable to all competing firms.

Ans: c

Page: 82

Question No: 8 (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: 9 (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

http://www.zainbooks.com/books/management/strategic-management_8_key-external-factors.html

(Handout page 31) Ethnic balance changes due to the migration of the people from different areas to different areas. This affects the ethical behavior very much. As the traditions and norms are very much different in different areas of Pakistan,

Question No: 10 (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

http://books.google.com/books?id=6ltZtTi6Vo4C&pg=PT263&dq=Relatively+large+capital+requirements+and+industry+have+economies+of+scale&hl=en&ei=6q97TenFK8WyrAex4vnUBQ&sa=X&oi=book_result&ct=result&resnum=2&ved=0CCwQ6AEwAQ#v=onepage&q=Relatively%20large%20capital%20requirements%20and%20industry%20have%20economies%20of%20scale&f=false

Question No: 11 (Marks: 1) - Please choose one

The competitive threat posed by substitute products is weakened in which of the following conditions?

- ▶ Buyers that are currently purchasing the product are not relatively loyal
- ▶ There are relatively large numbers of rival sellers that are fairly equal in size
- ▶ Customers are in a strong bargaining position to win concessions from sellers
- ▶ **Buyers' costs of switching to substitutes are relatively high**

(question 8) http://highered.mcgraw-hill.com/sites/0070600899/student_view0/chapter3/multiple_choice_quiz.html

Question No: 12 (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

[http://books.google.com.pk/books?id=M9FXFmk7BBwC&pg=SA26-PA16&dq=Alliances+offers+similar+products+or+services?+such+as+IBM,+Apple,+and+Dell&hl=en&ei=SAR6Te6WIofOswajjo3zBw&sa=X&oi=book_result&ct=result&resnum=10&ved=0CFEQ6AEwCQ#v=onepage&q=The%20top%20three%20PC%20suppliers%20\(IBM%2C%20Apple%2C%20and%20Compaq\)%20continued%20to%20dominate%20the%20industry%2C%20although%20their%20market%20share%20has&f=false](http://books.google.com.pk/books?id=M9FXFmk7BBwC&pg=SA26-PA16&dq=Alliances+offers+similar+products+or+services?+such+as+IBM,+Apple,+and+Dell&hl=en&ei=SAR6Te6WIofOswajjo3zBw&sa=X&oi=book_result&ct=result&resnum=10&ved=0CFEQ6AEwCQ#v=onepage&q=The%20top%20three%20PC%20suppliers%20(IBM%2C%20Apple%2C%20and%20Compaq)%20continued%20to%20dominate%20the%20industry%2C%20although%20their%20market%20share%20has&f=false)

Question No: 13 (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(not sure)**

Question No: 14 (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: 15 (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**

Do you know your firm's Distinctive Competence? "What unique thing is it that we do really well? What quality or attribute sets us aside from our competitors?"

<http://www.di.net/articles/archive/1980/>

Another

Distinctive competence is a set of unique capabilities that certain firms possess allowing them to make inroads into desired markets and to gain advantage over the competition; generally, it is an activity that a firm performs better than its competition.

<http://www.enotes.com/biz-encyclopedia/distinctive-competence>

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

As managers move up the organization, they perform which of the management function more?

- ▶ Leading
- ▶ Controlling
- ▶ Organizing
- ▶ **Planning**

(Q#48) <http://wenku.baidu.com/view/466f46c76137ee06eff91864.html>

Question No: 17 (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

Synergy is

- a. synthetic energy.
- b. **when a team effort is used to achieve desired results.**
- c. when individuals work separately to achieve desired results.
- d. when financial expectations of the firm are decided upon.
- e. employee energy.

Ans: b

Page: 130

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

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

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

Organizing

Organizational design, Job specialization, Job descriptions, Job specifications Span of control, Unity of command, Coordination, Job design, Job analysis

http://www.zainbooks.com/books/management/strategic-management_13_functions-of-management.html

Question No: 19 (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

http://www.cliffsnotes.com/study_guide/Concepts-of-Organizing.topicArticleId-8944,articleId-8876.html

Concepts of Organizing

The working relationships — vertical and horizontal associations between individuals and groups — that exist within an organization affect how its activities are accomplished and coordinated. Effective organizing depends on the mastery of several important concepts: work specialization, chain of command, authority, delegation, span of control, and centralization versus decentralization. Many of these concepts are based on the principles developed by Henri Fayol

http://en.wikipedia.org/wiki/Span_of_control

Question No: 20 (Marks: 1) - Please choose one

Which of the following is the process of using the resources and personnel of an organization in an orderly way to achieve the objectives and long-term goals of the organization?

- ▶ Planning
- ▶ Staffing
- ▶ Leading
- ▶ **Organizing**

<http://flashcarddb.com/cardset/74206-clep-principles-of-management-flashcards>
O is the process of using the resources and personnel of an organization in an orderly way to achieve the objectives and long-term goals of the organization.

Answer : organizing

Question No: 21 (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

Test markets allow an organization to test alternative marketing plans and to forecast future sales of new products.

http://www.zainbooks.com/books/management/strategic-management_14_functions-of-management-1.html

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

Distribution includes which of the following?

- ▶ Customer analysis
- ▶ **Warehousing**
- ▶ Advertising
- ▶ Test marketing

PG 133.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

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

A company's ROI (Return on Investment) can be algebraically decomposed into which of the following two major components?

- ▶ Return on sales and fixed capital
- ▶ Return on sales and net profit
- ▶ Return on sales and Cost of goods sold
- ▶ **Return on sales and Total assets**

<http://www.roiformula.net/>

Question No: 24 (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

PG#68Process :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**.

Question No: 25 (Marks: 1) - Please choose one

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

Managing by Crisis—based on the belief that the true measure of a really good strategist is the ability to solve problems..PG# 79

Question No: 26 (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

http://wps.pearsoned.co.uk/ema_uk_he_johnson_excorpstrat_7/26/6677/1709451.cw/content/index.htmlQ10

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

In Porter's Generic Strategies Model, which of the following statement is correct about Focus Strategy?

- Selling a limited range of products
- **Selling to a narrow customer segment**
- Selling to one region only
- Selling simple products that are cheap

(Q#4)<http://www.oup.com/uk/orc/bin/9780199288304/01student/mcqs/ch07/>

Question No: 28 (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

Market Penetration Strategies

- **Current markets not saturated**
- **Usage rate of present customers can be increased significantly**

http://webcache.googleusercontent.com/search?q=cache:HfeJfxGICeEJ:www.sm.au.edu/uploadfiles/1257968765_Class%252012-2-09.ppt+rate+of+present+customers+of+the+company+can+be+increased+significantly+and+the+current+markets+are+not+saturated&cd=7&hl=en&ct=clnk&source=www.google.com

Question No: 29 (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

PG#91

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

Question No: 30 (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

PG#92**Conglomerate Diversification**

Adding new, unrelated products or services

Adding new, unrelated products or services is called conglomerate diversification. Some firms pursue conglomerate diversification based in part on an expectation of profits from breaking up acquired firms and selling divisions piecemeal.

Question No: 31 (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: 32 (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: 33 (Marks: 1) - Please choose one

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

Vision: Defines the desired or intended future state of an organization or enterprise in terms of its fundamental objective and/or strategic direction. Vision is a long-term view, sometimes describing how the organization would like the world to be in which it operates

http://en.wikipedia.org/wiki/Strategic_planning

http://www.diffen.com/difference/Mission_Statement_vs_Vision_Statement

Question No: 34 (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.

Question No: 35 (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

<http://mystrategicplan.com/resources/vision-statements/>

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

Mr. A assigns Mr. B a project to be completed till the end of the month and then holds periodic meetings with him to review his progress. Which of the management functions is Mr. A performing?

- Planning
- Leading
- Controlling
- **Organizing**

Supervisory Function Brief Description

P Planning Setting goals and determining how to meet them

O Organizing Determining how to set up the group, allocate resources, and assign work to achieve goals

S Staffing Identifying, hiring, and developing the necessary number and quality of employees

L Leading Getting employees to do what is expected of them

C Controlling Monitoring performance and making needed Corrections

http://higherred.mcgraw-hill.com/sites/dl/free/0073381519/781844/Chapter_01.pdf

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

The MM equipment firm's financial statements reveal that its sales are Rs. 500 and its finished goods inventory is valued as Rs. 250. BC Company is one of the competitors of MM equipment with 3 times inventory turnover. You have to evaluate that which of the following statements is true about MM equipment's inventory turnover?

- ▶ Equal to BC Company
- ▶ Better than BC company
- ▶ None of the given options
- ▶ **Worst than BC Company (not sure)**

Question No: 38 (Marks: 1) - Please choose one

"Ahsan Brothers is closing one-third of its stores and is eliminating 22,000 jobs in an attempt to avoid bankruptcy", would be an example of which of the following?

- ▶ Backward integration
- ▶ Liquidation
- ▶ **Retrenchment**
- ▶ Forward integration

(page 80)Retrenchment Regrouping through cost and asset reduction to reverse declining sales and profit Singer, the sewing machine maker, declared bankruptcy.

Question No: 39 (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

It allows users to ask very powerful "What if...?" questions: PG#73

Question No: 40 (Marks: 1) - Please choose one

_____ becomes information only when it is evaluated, filtered, condensed, analyzed and organized for a specific purpose, problem, individual, or time.

- ▶ Material
- ▶ **Data**
- ▶ Competitive advantage
- ▶ Competitor analysis

Ref: Data becomes information only when it is evaluated, filtered, condensed, analyzed, and organized for a specific purpose, problem, individual, or time,P#74

Paper 7

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

Which of the following period strategic management was considered to be cure for all problems?

Mid 1950s to mid 1960s

Mid 1960s to mid 1970s

Mid 1970s to mid 1980s
Mid 1980s to mid 1990s

Page#3 In 1960; s and 70 it was consider to be panacea for problems. But in 1980; s two important revolutions

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

Which of the following is not a pitfall an organization should avoid in strategic planning?

Select correct option:

Failing to involve key employees in all phases of planning

Involving all managers rather than delegating planning to a planner

Top managers not actively supporting the strategic planning process

Doing strategic planning only to satisfy accreditation or regulatory requirementshttp

Q#144 PART IX

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

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

(page95)http://books.google.com.pk/books?id=az8D9OOvfF0C&pg=PA95&dq=concern+the+nature+and+direction+of+the+economy&hl=en&ei=8st7TfWwDovasgbUsaDjBw&sa=X&oi=book_result&ct=result&resnum=2&ved=0CC0Q6AEwAQ#v=onepage&q=concern%20the%20nature%20and%20direction%20of%20the%20economy&f=false

Question No: 4 (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”?

Select correct option:

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: 5 (Marks: 1) - Please choose one

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

<http://www.scribd.com/doc/30595433/Chapter-5-strategic-management> (page 20

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

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

Measurable

Reasonable

Varving

Consistent

Objectives should be challenging, measurable, consistent, reasonable, and clear.P#9

Question No: 7 (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

P#43Competitive 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: 8 (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(not sure)

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

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

(page 6)Developing a vision statement is often considered the first step in strategic planning

Question No: 10 (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

(page 9)Objectives should be quantitative, measurable, realistic, understandable, challenging, hierarchical, obtainable, and congruent among organizational units.

Question No: 11 (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

(Handout page 31) Ethnic balance changes due to the migration of the people from different areas to different areas. This affects the ethical behavior very much. As the traditions and norms are very much different in different areas of Pakistan

Question No: 12 (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

http://www.audioenglish.net/dictionary/antitrust_legislation.htm

Law intended to promote free competition in the market place by outlawing monopolies

<http://www.thefreedictionary.com/antitrust+legislation>

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

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**

<http://webcache.googleusercontent.com/search?q=cache:hw9tdilea-IJ:classes.bus.oregonstate.edu/BA469/Neubaum/McGrawHill%2520PPs/Chap003.ppt+The+products+of+alternative+suppliers+are+highly+differentiated,+making+the+cost+of+switching+relatively+high&cd=1&hl=en&ct=clnk&source=www.google.com>

Question No: 14 (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

(Q#2)<http://www.oup.com/uk/orc/bin/9780199288304/01student/mcqs/ch03/>

Question No: 15 (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

(page 82) 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: 16(Marks: 1) - Please choose one

Which of the following should be created first and foremost by a strategist?

- ▶ Strategy
- ▶ Objectives
- ▶ **Vision**
- ▶ Mission

Question No: 17(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

<http://www.zainbooks.com/books/management/strategic-management/6-characteristics-of-a-mission-statement.html>

a mission statement needs to be broad to effectively reconcile differences among and appeal to an organization's diverse *stakeholders*, the individuals and groups of persons who have a special stake or claim on the company.

Question No: 18(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

1. Three guidelines of when to use liquidationⓈpage 95)

- a. When an organization has pursued both a retrenchment and a divestiture strategy and neither has been successful.
- b. When an organization’s only alternative is bankruptcy.
- c. When the stockholders of a firm can minimize their losses by selling assets.

Question No: 19(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: 20(Marks: 1) - Please choose one

All of the following statements are true about a firm’s mission statement EXCEPT:

A mission statement directly contributes positively to financial performance [\(review again \)](#)

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
(page 25)a mission statement does not directly contribute positively to financial performance.

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

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

(Handouts page 34) Key Social, Cultural, Demographic, and Environmental Variables

Question No: 22(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: 23(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

(handout page 85)

Question No: 24(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

P#8Internal Strengths and Weaknesses/Internal assessments

They arise in the management, marketing, finance/accounting, production/operations, research and development, and computer information systems activities of a business.

Question No: 25(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: 26(Marks: 1) - Please choose one

Which of the following are developed in strategy implementation phase of strategic management?

Vision and mission

Annual objectives

Strengths and weaknesses

Opportunities and threats

(page 4)Strategy implementation requires a firm to establish annual objectives, devise policies, motivating employees and allocate resources so that formulated strategies can be executed

Paper 8

MIDTERM EXAMINATION

Spring 2010

MGT603- Strategic Management (Session - 3)

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

Page6 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 include 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: 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

All of these are pitfalls an organization should avoid in strategic planning except when

- a. using plans as a standard for measuring performance.
- b. using strategic planning to gain control over decisions and resources.
- c. failing to involve key employees in all phases of planning.
- d. too hastily moving from mission development to strategy formulation.

Ans: a

Page: 18

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

Organizations that conduct business operations across national borders are called international firms or multinational corporations.

<http://www.scribd.com/doc/33764623/Strategic-management>

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

Pg#17,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

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

Trends in the dollar's value have _____ effect(s) on companies in different industries and in different locations.

a. significant and equal

b. marginal and equal

c. significant and unequal

d. insignificant and unequal

e. no

Ans: c Page: 83

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 (not sure)**

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

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**

(Q#48) <http://wenku.baidu.com/view/466f46c76137ee06eff91864.html/>

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

(Q#43) <http://wenku.baidu.com/view/466f46c76137ee06eff91864.html>

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**

The four approaches to determining commonly used R&D budget allocations are:

(1) financing as many project proposals as possible, (2) using a percentage-of-sales

method, (3) budgeting about the same amount competitors spend for R&D, and (4)

deciding how many successful new products are needed and working backward to

estimate the required R&D investment

_____ has been successful in determining R&D budget allocations.

a. Financing as many project proposals as possible

b. Using the percentage of sales method

c. Budgeting for R&D about what competitors spend

d. All of the above have been used

Ans: d

Page: 146

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

http://www.12manage.com/methods_horizontal_integration.html

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.

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

(page84))Firm can gain monopolistic characteristics without being challenged by federal government

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

Defensive strategies include all of the following EXCEPT:

► Retrenchment

► Acquisition

► Divestiture

► Liquidation

(page 92) In addition to integrative, intensive, and diversification strategies, organizations also could pursue retrenchment, divestiture, or liquidation.

Which strategy should be implemented when a division is responsible for an organization's overall poor performance?

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

http://books.google.com/books?id=xr64aks8wCEC&pg=PA91&dq=strategy+should+be+impleme+nted+when+a+division+is+responsible+for+an+organization%E2%80%99s+overall+poor+perfor+mance&hl=en&ei=H_57TYHJNlbrQe0mvXUBQ&sa=X&oi=book_result&ct=result&resnum=3&ved=0CDMQ6AEwAg#v=onepage&q&f=false

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

- When firm has pursued retrenchment but failed to attain needed improvements

- ▶ When a division needs more resources than the firm can provide
- ▶ When a division is responsible for the firm's overall poor performance

☐ ²³% When a large amount of cash is needed and cannot be obtained from other sources.

(page91)<http://books.google.com/books?id=xr64aks8wCEC&pg=PA91&dq=strategy+should+be+implemented+when+a+division+is+responsible+for+an+organization%E2%80%99s+overall+poor>

+performance&hl=en&ei=H_57TYHJNlBxrQe0mvXUBQ&sa=X&oi=book_result&ct=result&resnum=3&ved=0CDMQ6AEwAg#v=onepage&q&f=false

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

(page 123)It is important that bonuses not be based solely on short-term results because such a system ignores long-term company strategies and objectives.

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

Strategic management enables an organization to be proactive, instead of companies just responding to threats in their business environment. Followed by commitment, understanding is the most important benefit of strategic management.

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?**

PG#63Marketing Audit Checklist of Questions

Similarly as provided earlier for management, the following questions about marketing are pertinent:

1. Are markets segmented effectively?

2. Does the firm have an effective sales organization?

3. Are the firm's products and services priced appropriately?

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**

(page 25) 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: 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

Paper 9

MIDTERM EXAMINATION Spring 2009

MGT603- Strategic Management (Session - 3)

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

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

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

Intuition is useful for decision making in all the following situations EXCEPT:

Conditions of great uncertainty

Highly independent variables available

Conditions with little precedent

Several plausible alternatives to choose from

Intuition is particularly useful for making decisions in situations of great uncertainty or little precedent, or when highly interrelated variables exist, there is immense pressure to be right, or it is necessary to choose from several plausible alternatives.

<http://www.mdudde.net/books/Mcom/Mcom-f/strategic-management%28crc%29-final.pdf>

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

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

(HANDout page 6) Developing a vision statement is often considered the first step in strategic planning,

Question No: 4 ____ (Marks: 1) - Please choose one
Long term objectives includes all of the following EXCEPT:

Measurable
Reasonable

Varying

Consistent

Objectives should be challenging, measurable, consistent, reasonable, and clear.P#9

Question No: 5 (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. In foreign markets, lack of equal opportunities for women and minorities, overpricing, hostile takeovers, moving jobs overseas, and using nonunion labor in a union shop.

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

The corporate social policy should be reaffirmed or changed during which phase of strategy management?

Strategy control
Strategy implementation
Strategy formulation

Strategy evaluation

(Q# 6 and 18)

http://wps.prenhall.com/bp_david_sm_12/87/22399/5734384.cw/content/index.html

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: 8 (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: 9 (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

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

Cultural

Technological

Economic (review again)

Social

http://www.adb.org/documents/books/education_natldev_asia/chap02.pdf

Question No: 11 (Marks: 1) - Please choose one

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

(page 35)Impact of political variables

☐ Formulation of Strategies

☐ Implementation of Strategies

Question No: 12 ____ (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: 13 ____ (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

Indirect competitors sell products that can be substitutes for existing products such as contact lenses as a substitute for glasses.

<http://www.utsc.utoronto.ca/~bovaird/c41/4-porter.htm>

Question No: 14 ____ (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(not sure)

Question No: 15____(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

One difference between CPM and EFE is that

a. CPM includes both internal and external issues.

b. the weight and total weighted score mean opposite.

c. CPM ratings range from 1 to 10.

d. CPM is performed only for the company, whereas EFE is performed for both the company and the competitors.

Ans: a

Page: 112

Question No: 16 (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

Question No: 17____(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: 18 ____ (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: 19 ____ (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: 20 ____ (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

http://www.zainbooks.com/books/management/strategic-management_14_functions-of-management-1.html

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

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

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

a. **Investment decision**

b. **Dividend decisions**

c. **Financing decisions**

d. **Restructuring decisions**

Ans: a Page: 138

Question No: 22 (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: 23 ____ (Marks: 1) - Please choose one

Exclusive access to high grade natural resources is an example of which of the following?

Strength

Weakness

Opportunity

Threat

(page217)http://books.google.com/books?id=mWf4PtzRmwUC&pg=PA217&dq=Exclusive+access+to+high+grade+natural+resources&hl=en&ei=I_J7Tda6NYHsrQfUwYy0BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CCsQ6AEwAA#v=onepage&q=Exclusive%20access%20to%20high%20grade%20natural%20resources&f=false

Question No: 24 ____ (Marks: 1) - Please choose one

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

Question No: 25 ____ (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

Question No: 26 (Marks: 1) - Please choose one

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

(page157)http://books.google.com/books?id=gzCxzBB3quUC&pg=PA157&dq=merging+of+two+or+more+businesses+at+the+same+level+of+production+in+some+forma&hl=en&ei=W_N7TeiQD5DSrQfI9KXQBQ&sa=X&oi=book_result&ct=result&resnum=4&ved=0CDcQ6AEwAw#v=onepage&q&f=false

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

“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

A good example of forward integration is when a farmer sells his/her crops at the local market rather than to a distribution center.

<http://www.investopedia.com/terms/f/forwardintegration.asp>

Question No: 28 ____ (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

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

If Farhan Bakers buys wheat farm in order to reduce the risk associated with the dependency on flour. Farhan Bakers is looking for which of the following strategy?

Conglomerate diversification

Forward integration

Backward integration

Horizontal diversification

A good example would be if a bakery business bought a wheat farm in order to reduce the risk associated with the dependency on flour

<http://www.investopedia.com/terms/b/backwardintegration.asp>

Question No: 30 (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: 31 ____ (Marks: 1) - Please choose one

In Porter's Generic Strategies Model, which of the following statement is correct about Focus Strategy?

Selling a limited range of products

Selling to a narrow customer segment

Selling to one region only

Selling simple products that are cheap

Question No: 32 ____ (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 (review again)

- Protecting and strengthening the organization's position by adding new, unrelated products for present customers

Question No: 33 ____ (Marks: 1) - Please choose one

"Substantial changes to the range of offerings or the markets served or both" is referred as:

Differentiation

Diversification

Relocation

Brand extension

(Q#3) <http://www.oup.com/uk/orc/bin/9780199288304/01student/mcqs/ch08/>

Question No: 34 ____ (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: 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

Question No: 36 (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

Question No: 37 (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

David Chapter 5 Mergers and acquisitions, including the following:

- a. To provide improved capacity utilization.
- b. To make better use of an existing sales force.
- c. To reduce managerial staff.
- d. To gain economies of scale.
- e. To smooth out seasonal trends in sales.
- f. To gain access to new suppliers, distributors, customers, products, and creditors.
- g. To gain new technology.
- h. To reduce tax obligations**

Question No: 38 (Marks: 1) - Please choose one

Which of the following is 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 Management can be defined as “the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objective

Question No: 39 (Marks: 1) - Please choose one

Which of the following stages of strategic management helps the management to know when particular strategies are not working well?

Strategy formulation
Strategy implementation

Strategy evaluation

All of the given options

(page 4) Strategy evaluation is the final stage in the strategic management process. Management desperately needs to know when particular strategies are not working well;

Question No: 40 (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

Paper 10

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

Page6 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

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

(page 6)Developing a vision statement is often considered the first step in strategic planning

Question No: 3 (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

P#8Internal Strengths and Weaknesses/Internal assessments They arise in the management, marketing, finance/accounting, production/operations, research and development, and computer information systems activities of a business

Question No: 4 (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

(page 14)

1. Using strategic planning to gain control over decisions and resources

2. 9. Failing to involve key employees in all phases of planning

3. 13. Being so formal in planning that flexibility and creativity are stifled.

Question No: 5 (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

PART IX

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

Pg#17,Philosophy: What are the basic beliefs, values, aspirations, and ethical priorities of the firm?

Question No: 7 (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: 8 (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: 9 (Marks: 1) - Please choose one

Which of the following are the five forces that affect the level of competition in an industry?

► Threat of recession; power of buyers; power of suppliers; threat of management failure; competitive rivalry

► Threat of entry; power of buyers; power of suppliers; threat of substitutes; government action

► **Threat of entrants; power of buyers; power of suppliers; threat of substitutes; competitive rivalry**

► Threat of buyers; power of entry; power of substitutes; threat of suppliers; threat of recession

http://wps.pearsoned.co.uk/ema_uk_he_johnson_excorpstrat_7/26/6677/1709382.cw/content/index.html

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

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

<http://www.usheproduction.com/design/8020/downloads/14.pdf>

Keeping strategies secret from employees and stakeholders at large could severely inhibit employee and stakeholder communication, understanding, and commitment and also forgo valuable input that these persons could have regarding formulation and/or implementation of that strategy

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(not sure)**

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

Assigning rating '2' to an internal factor in IFE matrix indicates what?

- Major weakness
- **Minor weakness**
- Minor strength
- Major strength

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

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**

(Q#3)<http://www.scribd.com/doc/25776923/-Question-Bank-of-Production-Operations-Mngt-1-2-Mark>

Question No: 15 (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: 16 (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**
- ▶ Controlling
- ▶ Organizing

(page 55) Planning is the: Start of the process Bridge between present and future, Increases likelihood of achieving desired results

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

Which of the following is the process of using the resources and personnel of an organization in an orderly way to achieve the objectives and long-term goals of the organization?

- ▶ Planning
- ▶ Staffing
- ▶ Leading

▶ **Organizing**

Question No: 18 (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: 19 (Marks: 1) - Please choose one

Distribution includes which of the following?

- ▶ Customer analysis

▶ **Warehousing**

▶ Advertising

▶ Test marketing

Question No: 20 (Marks: 1) - Please choose one

Which of the following is NOT the decisions regarding "Capacity" function of production management?

- ▶ Scheduling
- ▶ Capacity planning

▶ **Process flow analysis**

▶ Queuing analysis

(page 68)Capacity decisions concern determination of optimal output levels for the organization—not too much and not too little. Specific decisions include forecasting, facilities planning, aggregate planning, scheduling, capacity planning, and queuing analysis

Question No: 21 (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"**

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

Which of the following refers to the belief related to objectives setting that holds fast to the principle "If it ain't broke, don't fix it."?

- ▶ Managing by objectives

▶ **Managing by extrapolation**

▶ Managing by crisis

▶ Managing by subjectives

(page 79) **Managing by Extrapolation**—adheres to the principle "If it ain't broke, don't fix it." The idea is to keep on doing about the same things in the same ways because things are going well

Question No: 23 (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: 24 (Marks: 1) - Please choose one

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

(page 80 and 84) **Horizontal integration** refers to a strategy of seeking ownership of or increased control over a firm's competitors.

(Q#12)<http://www.oup.com/uk/orc/bin/9780199288304/01student/mcqs/ch08/?view=za>

Question No: 25 (Marks: 1) - Please choose one

One of the strategies adopted by MM Corporation is: "Increasing market share through charging lower prices, while still making a reasonable profit on each sale because of reduced costs". MM Corporation is following which of the following strategy?

- ▶ Best-value
- ▶ **Cost leadership**
- ▶ Best-value focus
- ▶ Differentiation

The Cost Leadership Strategy

- Increasing profits by reducing costs, while charging industry-average prices.
- Increasing market share through charging lower prices, while still making a reasonable profit on each sale because you've reduced costs.

http://www.mindtools.com/pages/article/newSTR_82.htm

Question No: 26 (Marks: 1) - Please choose one

In Porter's Generic Strategies Model, which of the following statement is correct about Focus Strategy?

- ▶ Selling a limited range of products
- ▶ **Selling to a narrow customer segment**
- ▶ Selling to one region only
- ▶ Selling simple products that are cheap

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

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

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: 28 (Marks: 1) - Please choose one

Which strategy seeks to increase market share of present products or services in present markets through greater marketing efforts?

► **Market penetration**

- Market development
- Backward integration
- Product development

A market-penetration strategy seeks to increase market share for present products or services in present markets through greater marketing efforts.

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

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

(Q#11)<http://www.oup.com/uk/orc/bin/9780199288304/01student/mcqs/ch08/?view=za>

Question No: 30 (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: 31 (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: 32 (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

Question No: 33 (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: 34 (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: 35 (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: 36 (Marks: 1) - Please choose one

Which of the following is 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**

Question No: 37 (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: 38 (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: 39 (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: 40 (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

Paper 11

STRATEGIC MANAGEMENT(MGT-603) MIDTERM EXAMINATION SPRING 2007

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

Internal and external environment generally set the _____

- ▶ Strategies
- ▶ **Goals**
- ▶ Both of the options given
- ▶ None of the options given

Pg#1 4. Internal and external environment: Internal and external environment generally set the goals.

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

_____ are individuals who are most responsible for the success or failure of an organization.

- ▶ Managers
- ▶ Internal auditors
- ▶ **Strategists**
- ▶ None of the mentioned options

pg#6Strategists:Strategists are individuals who are most responsible for the success or failure of an organization.

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

_____ includes all those factors which affect the organization and itself affected by the organization.

- ▶ Social environment
- ▶ **Task environment**
- ▶ PEST analysis
- ▶ None of the mentioned options

pg#8Task Environment: Task environment includes all those factors which affect the organization and itself affected by the organization.

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

Objectives should not be _____

- ▶ Measurable
- ▶ Realistic
- ▶ **Qualitative**

- Understandable

Pg9: The Nature of Long-Term Objectives

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

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

A clear _____ is needed before alternative strategies can be formulated and implemented.

► **Mission statement**

- Vision statement
- Strategy
- None of the mentioned options

pg20As indicated in the strategic-management model, a clear mission statement is needed before alternative strategies can be formulated and implemented.

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

The process of performing an external audit must involve _____

► **As many managers and employees as possible**

- As less as possible managers and employees
- Just manager not employees
- None of the mentioned options

pg29The Process of Performing an External Audit

The process of performing an external audit must involve as many managers and employees as possible.

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

Compared to _____, the process of performing an _____ provides more opportunity for participants to understand how their jobs, departments, and divisions fit into the whole organization.

► **External audit, internal audit**

- Internal audit, External audit
- Organizational analysis, industrial analysis
- None of the mentioned options

pg#50Compared to the external audit, the process of performing an internal audit provides more opportunity for participants to understand how their jobs, departments, and divisions fit into the whole organization.

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

Which of the following is true about organizing?

► **Determining who does what and who reports to whom**

- An essential bridge between the present and the future that increases the likelihood of achieving desired results
- A process of influencing people to accomplish specific objectives
- None of the mentioned options

Pg#56The purpose of *organizing* is to achieve coordinated effort by defining task and authority relationships. Organizing means determining who does what and who reports to whom.

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

The investment decision is also called _____

► **Capital budgeting**

- ▶ Financing decision
- ▶ Dividend decisions
- ▶ None of the mentioned options

pg#64

Finance/Accounting Functions

Determining financial strengths and weaknesses key to strategy formulation

Investment decision (Capital budgeting)

Financing decision

Dividend decision

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

What refers to a strategy of seeking ownership of or increased control over a firm's competitors?

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

pg#84 **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.

Paper 12

MIDTERM EXAMINATION

FALL 2007

MGT603 - STRATEGIC MANAGEMENT (Session - 7)

Time: 120min

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

Vision and mission statements can often found

At the back of annual report

In the front of annual reports

In executive summary

In annexure

(question #

3)http://wps.prenhall.com/bp_david_sm_11/44/11473/2937097.cw/index.html

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

Carefully prepared statements of vision and mission are widely recognized as

The last step of strategic management

Middle level steps in strategic management

The first step in strategic management

None of the mentioned options

19. Carefully prepared statements of vision and mission are widely recognized as the first step in strategic management

[http://docs.google.com/viewer?a=v&q=cache:XTEoCDUDgfMJ:site.iugaza.edu.ps/melfarra/files/2010/10/final-exam-stratg-](http://docs.google.com/viewer?a=v&q=cache:XTEoCDUDgfMJ:site.iugaza.edu.ps/melfarra/files/2010/10/final-exam-stratg-ba2009.doc+%22Carefully+prepared+statements+of+vision+and+mission+are+widely+recognized+%22&hl=en&gl=pk&pid=bl&srcid=ADGEESiSpPNK13n7TxwTae)

[ba2009.doc+%22Carefully+prepared+statements+of+vision+and+mission+are+widely+recognized+%22&hl=en&gl=pk&pid=bl&srcid=ADGEESiSpPNK13n7TxwTae](http://docs.google.com/viewer?a=v&q=cache:XTEoCDUDgfMJ:site.iugaza.edu.ps/melfarra/files/2010/10/final-exam-stratg-ba2009.doc+%22Carefully+prepared+statements+of+vision+and+mission+are+widely+recognized+%22&hl=en&gl=pk&pid=bl&srcid=ADGEESiSpPNK13n7TxwTae)

4UvDFHI5T5Gf9EypvYQSI-GazN-ogClrv5gXbVfEhLvgJzTbc-iJ1BfhR37pR-GJAN7f5I9ymBshGJgJkY1IBkrnmQjgzA4Ocqp htLHCPArJKIA2TtlY7&sig=AHIEtbQHJHzy8jt5qMOQ26wHJEaIs54XA&pli=1

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

Environmental changes

Should change a mission statement

Should not change a mission statement

Should not have any effect on organization

None of the mentioned options

(page92)http://books.google.com.pk/books?id=oFSFK5E7XsYC&pg=PA92&dq=Environmental+changes+Should+change+a+mission+statement&hl=en&ei=kdR7TfuFOcPFswbW7pDpBw&sa=X&oi=book_result&ct=result&resnum=7&ved=0CE4Q6AEwBg#v=onepage&q=A%20mission%20statement%20may%20need%20to%20be%20revised%20as%20new%20market%20needs%20arise%20or%20as%20the%20marketing%20environment%20changes&f=false

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

Industry analysis is also referred to as

Internal strategic management audit

External strategic management audit

Strengths and weakness analysis

None of the mentioned options

(page 28) In this lecture we will examine the tools and concepts needed to conduct an external strategic-management audit (sometimes called environmental scanning or industry analysis).

(page 7) The process of conducting research and gathering and assimilating external information is

sometimes called environmental scanning or industry analysis.

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

_____ can be the most important part of an external audit for firms that depend heavily on government contracts.

Environmental forecasts

Demographic forecasts

Technological forecasts

Political forecasts

(HANDOUTS) political forecasts can be the most important part of an external audit. Changes in patent laws, antitrust legislation, tax rates, and lobbying activities can affect firms significantly.

CHAPTER 3

Political forecasts can be the most important part of an external audit for firms that depend heavily on government contracts.

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

Forward integration is used by firms to gain control or ownership of:

Customers

Suppliers

Distributors

None of the mentioned options

(page 80) **Gaining ownership or increased control over distributors or retailers**

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

_____ can be the most important force impacting competitive advantage.

The bargaining power of consumers

The bargaining power of suppliers

The bargaining power of distributors

None of the mentioned options

When customers are concentrated or large, or buy in volume, their bargaining power

represents a major force affecting intensity of competition in an industry

<http://mgmt.iisc.ernet.in/~piver/MB%20401%20Strategic%20Management%20Syllabus%2026-01-2006.pdf>

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

Forecasts are educated assumptions about

Customers

Political issues

Future trends and events

None of the mentioned options

Forecasts are educated assumptions about future trends and events

<http://www.google.com/cse?q=Forecasts+are+educated+assumptions+about&cx=009082049742022073901%3A2x6avxzcfq0&ie=UTF-8&hl=en-US>

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

Quantitative forecasts become _____ as historical relationships become less stable.

Less accurate

More accurate

More constant

None of the mentioned options

CHAPTER 3

Quantitative forecasts become less accurate as historical relationships become less stable.

Ans: T Page: 105

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

Globalization is a process of worldwide integration of _____ activities

Strategy formulation

Strategy implementation

Strategy evaluation

All of the above mentioned options

(PAGE#3)<http://www.scribd.com/doc/40055786/Download>

Question No: 11 (Marks: 1) - Please choose one

The critical success factors in a Competitive Profile Matrix are often _____ as those in an EFE Matrix.

Different

Same

Identical

None of the mentioned options

(page 46)There are some important differences between the EFE and CPM.

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

Intensity of competition _____ in lower-return industries.

Is lowest

Is non-existent

Is highest

Is not important

Intensity of competition is _____ in lower-return industries.

a. lowest

b. non-existent

c. highest

d. not important

Ans: c

Page: 98

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

A _____ is a standardized, detailed set of techniques and behaviors that manage anxieties

but seldom produce intended, technical consequences of practical importance.

Ritual

Rite

Metaphor

None of the mentioned options

A standardized, detailed set of techniques and behaviors that manage anxieties, but seldom produce intended, technical consequences of practical results are called

a. folktales.

b. rites.

c. metaphors.

d. rituals.

e. values.

Ans: d

Page: 124

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

The only certain thing about the future of any organization is _____.

Customer

Change

Culture

Stakeholder

The only certain thing about the future of any organization is change.

Ans: T

Page: 128

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

_____ is the management function that is most important for the _____ stage of the

strategic management process.

Controlling, implementation

Evaluation, formulation

Controlling, evaluation

None of the mentioned options

(Handout page 54)

Paper 13

MIDTERM EXAMINATION

Spring 2010

MGT603- Strategic Management (Session - 3)

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

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

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

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**

Question No: 3 (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

Question No: 4 (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”.

▶ **Policies**

▶ Objectives

▶ Aspirations

▶ Goals

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

Which of the following is not considered as a key component of the strategic management model?

- ▶ Empowering policies
- ▶ Functional strategies
- ▶ **Corporate level hierarchy**
- ▶ Company mission

Question No: 6 (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: 7 (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: 8 (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: 9 (Marks: 1) - Please choose one

External assessment is performed in which of the following strategic-management phase?

- ▶ **Strategy formulation stage** not sure
- ▶ Strategy implementation stage
- ▶ Strategy evaluation stage
- ▶ All of the given options

Question No: 10 (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: 11 (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

Question No: 12 (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: 13 (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

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

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**

Question No: 15 (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: 16 (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**

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

“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

<http://www.google.com/search?client=gmail&rls=gm&q=%22complex%20set%20of%20basic%20underlying%20assumptions%20and%20deeply%20held%20beliefs%20%22>

lec #7(PPT#5)

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

Test marketing is commonly applied by which of the following companies?

- ▶ Industrial goods companies
- ▶ **Consumer goods companies**
- ▶ Public sector companies
- ▶ Private sector companies

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

A company's ROI (Return on Investment) can be algebraically decomposed into which of the following two major components?

- ▶ Return on sales and fixed capital
- ▶ Return on sales and net profit
- ▶ Return on sales and Cost of goods sold
- ▶ **Return on sales and Total assets**

Question No: 20 (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: 21 (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: 22 (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

Question No: 23 (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: 24 (Marks: 1) - Please choose one

_____ refers to a strategy of seeking ownership or increased control over a firm's competitors.

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

Horizontal integration refers to a strategy of seeking ownership of or increased control over a firm's competitors. page#84

„Question No: 25 (Marks: 1) - Please choose one

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

page#89,, Guidelines for Market Penetration

☐ **Market shares of competitors declining while total industry sales increasing**

Question No: 26 (Marks: 1) - Please choose one

“Substantial changes to the range of offerings or the markets served or both” is referred as:

- ▶ Differentiation
- ▶ **Diversification**
- ▶ Relocation
- ▶ Brand extension

Question No: 27 (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

Question No: 28 (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